

## **Utah System of Higher Education**

### **1.0 Introduction**

Utah's system is governed by the 16 member State Board of Regents (SBR) who are appointed by the Governor. In turn, the Board appoints the State Commissioner of Higher Education and all nine institutional presidents. The Utah System of Higher Education consists of research universities, regional universities, community colleges and one state college. The FY 1999 estimated annualized enrollments exceed 82,000 Full Time Equivalent (FTE) students.

### **1.1 Research Universities**

Research Universities are charged with creating knowledge through the research process. Faculty members are evaluated not only for the classes they teach, but also for the quality of their research. In addition to undergraduate programs, research universities maintain a strong commitment to graduate studies. Utah has two research universities with a combined enrollment of more than 35,000 full time equivalent students. Approximately 15 percent of total enrollment are students seeking graduate degrees.

The University of Utah is the State's major urban university. Their mission consists of undergraduate studies plus significant programs of sponsored research, graduate, and professional education in some 15 colleges and professional schools.

Utah State University serves as the State's land-grant institution under state and federal legislation and is a primary center of university research, graduate, professional, and undergraduate education in numerous authorized fields of study.

### **1.2 Regional Universities**

Regional Universities focus on undergraduate education and offer selected graduate degrees. The primary duty of faculty members at a regional university is classroom instruction, although there is an expectation of moderate production of knowledge through applied research. Only 2 percent of the nearly 15,000 full time equivalent students enrolled at one of Utah's two regional universities are seeking graduate degrees.

Weber State University has the mission of a large comprehensive undergraduate institution seeking to develop and refine programs and achieve distinction within that mission. WSU offers a limited number of masters programs. Any new graduate programs authorized for the institution will not be oriented toward traditional basic research.

Southern Utah University has the mission of a four-year undergraduate teaching institution meeting the baccalaureate and assigned vocational training needs of Southern Utah. SUU also offers graduate programs primarily in education and business.

### **1.3 State Community Colleges**

Snow College, Dixie College, the College of Eastern Utah, Utah Valley State College, and Salt Lake Community College are the State's open-access comprehensive community colleges. It is their mission to address area needs with programs of vocational-technical training, general education, and continuing

education for personal enrichment or career development. In addition to the above mentioned missions, Utah Valley State College is currently authorized by the Board of Regents to offer seven baccalaureate level programs serving specific regional needs. Faculty members at community colleges are evaluated solely on the quality of their instruction. With no research expectations, community college faculty are expected to carry a heavier teaching load than their counterparts at regional or research universities.

#### 1.4 Financial Information

The recommended operating budget for FY 2000 totals \$672,767,400 for the Utah System of Higher Education (USHE). This figure represents the total funding for both the academic and ATE components of the USHE. The recommended budget for FY 2000 is \$7,585,600 (a 1.42% increase) over the FY 1999 Estimate of \$665,181,800. In addition to the amount recommended for USHE, is \$13,459,000 for the Utah Education Network (UEN) for FY 2000. **It is noted that the Analyst's recommendation for FY 2000 excludes funding for Y2K and for compensation increases. Money was set aside by the Executive Appropriation Committee to address these issues.** The distribution of the funds included in the Analyst's recommendation are shown in the following table.

**TABLE 1**  
**Utah System of Higher Education**  
**FY 1998 Actual, FY 1999 Base, and FY 2000 Budget Recommendations**

	<b>FY 1998 Actual</b>	<b>FY 1999 Estimate</b>	<b>FY 2000 Recommend</b>	<b>Increase/ (Decrease)</b>
University of Utah	\$236,501,951	\$240,494,900	\$243,723,500	\$3,228,600
Utah State University	144,370,354	149,393,900	149,716,400	322,500
Weber State University	67,721,175	68,887,100	69,268,900	381,800
Southern Utah University	30,098,719	30,314,500	30,477,600	163,100
Snow College	13,922,459	13,653,900	17,676,100	4,022,200
Dixie College	15,518,752	17,264,500	17,641,500	377,000
College of Eastern Utah	12,632,095	12,495,100	12,537,200	42,100
Utah Valley State College	44,665,689	47,927,100	48,116,800	189,700
Salt Lake Community College	63,945,023	64,885,300	65,111,200	225,900
Board of Regents	13,176,742	19,865,500	18,498,200	(1,367,300)
<b>Total USHE</b>	<b>\$642,552,959</b>	<b>\$665,181,800</b>	<b>\$672,767,400</b>	<b>\$7,585,600</b>
Utah Education Network	2,350,000	11,583,100	13,459,000	1,875,900
<b>Total</b>	<b>\$644,902,959</b>	<b>\$676,764,900</b>	<b>\$686,226,400</b>	<b>\$9,461,500</b>

#### Applied Technology Education

Applied Technology Education (ATE) is a cooperative effort between the Utah System of Higher Education (USHE) and Public Education. The ATE mission is to provide high quality vocational and technical education opportunities.

The Higher Education component of ATE is concentrated on eight of the nine USHE campuses (the University of Utah does not have an ATE mission) and is funded through the education and general line item of each institution. In FY 1997, the Legislature divided the E&G budgets into separate line items for academic and ATE programs.

#### **ATE Institutions Funding**

The recommended operating budget for the USHE for FY 2000 of \$686,226,400 in Table 1, includes the budget request for ATE programs of \$70,432,500. The ATE Programs draw their funding from several sources. State funds account for 49,790,741 (71 percent). Of this amount, \$38,968,409 is from General Fund, \$7,492,532 is from Income Tax revenue, and \$3,329,800 is from the Uniform School Fund. The amount from the Uniform School Fund is a transfer from Public Education's base budget for the Sevier Valley ATC which is now Snow College South. The balance of the funding is the estimated dedicated credit revenues from students for tuition and fees for the ATE programs of \$20,641,759 for FY 2000.

**Table 1A**  
**FY 2000 Appropriation for ATE Program**

<b>Institutions</b>	<b>Funding</b>
Utah State University	\$2,105,400
Weber State University	12,977,400
Southern Utah University	4,388,500
Snow College	6,223,400
Dixie College	3,037,400
College of Eastern Utah	2,845,900
Utah Valley State College	16,309,800
Salt Lake Community College	21,397,800
Board of Regents	1,146,900
<b>Total ATE Funding</b>	<b>\$70,432,500</b>

#### **1.4 Plan of Financing**

Higher education and UEN draw their funding from several sources. Money from the General Fund, Uniform School Fund, Income Tax, Mineral Lease Account and student tuition amounts to \$686,226,400 in the Fiscal Year 2000 LFA budget recommendation. State funds account for \$507,855,600 (74 percent) of the recommended budget. Of this amount, \$364,063,900 is from the General Fund, \$131,193,500 is from Income Tax revenue, and \$12,598,200 is from the Uniform School Fund. An additional \$2,268,300 is provided through the Mineral Lease Revenue Account. The base revenue collections from student tuition and fees is estimated at \$170,757,500 for FY 2000. Federal Funds of \$4,592,300 and Land Grant Trust Funds of \$752,700 account for the balance of the funding for FY 2000.

**Table 2**  
**Plan of Financing**

	<b>FY 1998 Actual</b>	<b>FY 1999 Estimate</b>	<b>FY 2000 Recommend</b>	<b>Increase/ (Decrease)</b>
General Fund	\$372,204,300	\$360,295,000	\$364,063,900	\$3,768,900
Income Tax Revenue	97,732,500	131,193,500	131,193,500	
Uniform School Fund		9,268,100	12,598,200	3,330,100
Dedicated Credits	164,911,643	167,138,700	170,757,500	3,618,800
Federal Funds	4,637,095	4,592,300	4,592,300	
Mineral Lease	4,799,312	3,524,600	2,268,300	(1,256,300)
Land Grant Trust Fund	1,126,402	752,700	752,700	
Pass-thru-funds				
Beginning Balances	26,076,554	26,548,400	26,906,900	358,500
Closing Balances	(26,584,847)	(26,548,400)	(26,906,900)	(358,500)
<b>Total</b>	<b>\$644,902,959</b>	<b>\$676,764,900</b>	<b>\$686,226,400</b>	<b>\$9,461,500</b>

There is also reflected in the Analyst's recommendation for FY 2000, \$1,875,600 from one-time collections of dedicated credits to convert UEN's analog broadcast equipment to the new digital format.

## 2.0 Highlights of the FY 2000 Operating Budget

### 2.1 Budget Recommendations for USHE

- 2.10 Snow College South** House Bill 114, Snow College South, transfers the operation of the Sevier Valley ATC from the State Board of Education to Snow College. The Analyst's recommendation shows an increase of \$3,873,000 to fund FY 2000 operating costs.
- 2.11 The Poison Control Center** The Poison Control Center at the University of Utah, will receive funds from the 911 telephone surcharge as a result of the passage of Senate Bill 221 Emergency Services Telephone Charge. Funding is projected at \$1.2 million in the Analyst's figures for FY 2000.
- 2.12 Internal Service Funds** The FY 2000 budget includes \$300,000 for lease costs on vehicles USHE and UEN lease from the State's Central Motor Pool plus \$74,000 to finance the cost of inputting institutionally owned vehicle information on the State's Fleet Management Information System.
- 2.13 Fund for Secondary Vocational Education Students** State funding for the education and training of adults should flow through the Utah System of Higher Education and the funding for the education and training of school age children (K-12) should flow through the Public Education System.
- 2.14 Mineral Lease Replacement** To help mitigate the local impact of major energy and mineral developments on federal lands, federal government shares the royalty revenue with State and local governments. These funds, called mineral lease payments, are sent back to the states for allocation to those areas impacted by mineral development. The mineral lease funds appropriated to the Board of Regents are now being appropriated to the Permanent Community Impact Fund and an equivalent amount shall be replaced with General Funds. With two years left, the Analyst recommends replacing 50 percent of the remaining balance or \$1,413,800 from the General Fund.
- 2.15 Utah Electronic Community College** The Utah Electronic Community College (UECC) is a new concept wherein the colleges pool resources and program offerings from each campus to provide statewide access to technology delivered two-year degrees. The Legislative Fiscal Analyst recommends a transfer of funding in the amount of \$414,000 from the Western Governor's University base budget as an ongoing base budget in support of the Utah Electronic Community College.
- 2.16 Western Interstate Commission on Higher Education (WICHE)** Students from WICHE participating states are allowed to enroll in certain out-of-state professional programs at a reduced tuition rate. Students pay the resident tuition rate at public schools and reduced standard tuition at private schools. The student's state of residence pays a support fee to the receiving school to help pay for the cost of the student's professional education. It is recommended that \$75,000 from the General Fund be appropriated to maintain the current participation level.

<b>2.17 Utility Rate Adjustments</b>	The Analyst recommends an appropriation from the General Fund for FY 2000 of \$56,900 to fund increases in utility and power costs.
<b>2.18 Operation and Maintenance of New Facilities</b>	The operation and maintenance (O&M) of new facilities is an obligation of the State if the Legislature has approved both the construction of the facility and the payment of O&M from State tax funds. The Analyst recommends \$2,098,500 in State General Fund revenue for Fiscal Year 2000 for the operation and maintenance of new facilities.
<b>2.19 Tuition and Fees</b>	Since the Regents have not set a tuition rate in their budget request, it is recommended by the Fiscal Analyst that the Legislature consider using the revenue generated from a 4.0 percent tuition hike in their plan of financing the USHE. In the view of the Analyst, this recommendation is consistent with national trends. Raising tuition rates by 4.0 percent in FY 2000 will generate over \$6.4 million for USHE programs and salaries.
<b>2.2 USHE Recommendations if additional funds are available</b>	
<b>2.20 Federal Communication Commission Universal Access Charges</b>	The FCC reformed its system of interstate charges for long distance service. In order to meet the demands of the access charges for USHE, it is recommended that an appropriation of \$74,800 be funded from the General Fund if additional funds are available.
<b>2.21 Hazardous Waste</b>	The cost of cleaning, neutralizing, storing, testing, transporting, and disposing of hazardous wastes produced in the classrooms and laboratories is a constant issue in higher education. If additional funds become available for FY 2000, the Analyst recommends that \$279,900 be appropriated from the General Fund.
<b>2.22 Utah Area Health Education Centers (AHEC)</b>	The mission of AHEC is to “improve access to health care through education” and is carried out through programs that introduce young people in rural and under served areas to health care professions, education and training. If funding is available, the Analyst recommends an appropriation of \$365,000 from the General Fund for FY2000.
<b>2.23 Student Financial Aid</b>	<p>A base increase is needed to maintain the current program level and to cover the increased campus-based matching requirements for federal financial aid programs. This amounts to \$406,300 in FY 2000.</p> <p>Utah Centennial Opportunity Program for Education (UCOPE), a state-funded, need-based financial aid program supplements the federal financial aid programs. UCOPE funding has not kept pace with increased enrollment growth. It is recommended that the Legislature consider increasing State support with an appropriation of \$500,000 from the General Fund if additional resources become available for FY 2000.</p>
<b>2.24 Enrollment Funding</b>	A major component of the USHE budget is the funding for student enrollment growth. Although enrollment in higher education systemwide is still growing, and

long term projections indicate that growth will continue into the foreseeable future, a number of institutions have experienced enrollment drops over the past several years. Beginning fall term, academic year 1998-99, USHE converted to a semester calendar. Student enrollments dropped 5,393 FTE below FY 1999 funded targets. Higher Education was held harmless due to the following intent language in the Appropriations Act. *“It is the intent of the Legislature that Fiscal Year 2000 enrollment funding of USHE institutions will be no less than the total amount appropriated for enrollment in Fiscal year 1999.”*

The reduction in student enrollment is partially offset by enrollment growth of 1,479 FTE students at several institutions. If additional funds are available for FY 2000, it is recommended that \$4,746,000 be appropriated for 1,479 new FTE students. The plan of financing includes \$2,886,700 from the General Fund, \$175,600 from the Uniform School Fund (Snow College South Secondary Students) and \$1,683,700 from tuition revenue. The enrollment funds were determined primarily upon the guiding principles adopted by the Board of Regents' Funding Mechanism Task Force.

#### **2.25 Library Initiatives.**

If funding is available, the Analyst recommends a replacement of the FY 1999 one-time appropriation to ongoing funding from the General Fund of \$500,000 for FY 2000 to address institutional library needs and \$758,000 for inflation increases on the acquisition of journals and periodicals.

#### **2.26 ATE initiatives.**

Institutions need ongoing funds to purchase equipment that meet industry standards to provide quality Applied Technology Education Programs which meet the demands of business and industry. If funding is available, it is recommended by the Analyst that \$750,000 be appropriated from the General Fund for the acquisition of vocational education equipment. It is also recommended that \$350,000 be appropriated to the Board of Regents to expand adult student programs at the four Applied Technology Center Service Regions (ATCSR).

#### **2.27 Education Technology Initiative**

In the 1998 General Session, House Bill 184, Technology Teacher Education, was enacted but not funded. The intent of this Legislation is to fund the technology programs at state colleges of education. Funding is needed to enhance the educational programs to ensure that public school teachers can both utilize and train students in the use of technology equipment. If funding is available, it is the Analyst's recommendation that \$750,000 be appropriated from the General Fund to enhance the training of teachers in technology in FY 2000. A match of \$250,000 is required either from local resources or in-kind services.

#### **2.28 Non-compensation Funding for Instructional (E&G) Budgets**

Higher education, like all of state government, has not had any funding in their budget to address changing economic conditions during the past decade. This has created a situation where they have met their budget demands through the reallocation of resources to cover inflationary operating cost. The long term effect in higher education has been an impact on the available funds for maintaining campus facilities, covering increasing operating expenses, purchasing supplies, and acquiring instructional equipment. **The Analyst recommends that the Legislature appraise its position on restricting funds for escalating institutional operating cost increases.**

**2.29 One-time funding for the CAAP Pilot Program**

Responding to the request from the Executive Appropriations Committee of the Legislature, the Regents established a task force which identified key performance indicators that will improve the quality of education in Utah. (CAAP) is a new pilot program the Regents are proposing to measure instructional quality and student learning. The CAAP test is administered at the end of the sophomore level of college to assess the effectiveness of the institutions general education programs as well as assess academic achievement of a student for upper level course work. It is recommended by the Analyst, if additional funding is available, that one-time funding from the General Fund of \$100,000 be appropriated for the CAAP pilot program.

**2.30 Utah Educational Network**

**2.31 Digital Television Conversion**

Under the Federal Telecommunications Act of 1996, television broadcasters, including public television stations, are required to convert from analog to digital signal transmission. Utah's public television stations have joined forces with commercial broadcasters in the state to form DTV of Utah, a consortium that will construct a common digital transmission site on Farnsworth Peak.

The total cost of the transition, including production equipment and programming, will be more than \$15 million. UEN has proposed to finance \$9 million of the total cost. They are seeking the remaining \$6 million in State funding over three years.

The Analyst recommends the UEN conversion to Digital-TV be funded in FY 2000. The plan of financing would be handled by two committees. Capital Facilities and Administrative Services Committee would include \$4,215,000 from general obligation bonds to cover the second and third phases of the transition. The Analyst also recommends that the Higher Education Appropriation Subcommittee appropriate \$1,875,600 in dedicated credits (E-Rate Revenue) to cover their portion of the cost for the construction of new broadcast facilities, erecting a broadcast tower and attaching antenna to this tower.

The Analyst recommends the following intent language:

*It is the intent of the Legislature that funds provided for digital television transition are non-lapsing and that any future dedicated credits related to UEN E-Rate funding commitments shall be applied to the bond principal.*

**2.32 Utah Education Network**

Utah Educational Network continues to experience exponential growth in providing technological support for the education process in the State. If additional revenue becomes available, it is recommended that \$360,000 be appropriated from the Uniform School Fund to convert one-time funding to ongoing base support of EDNET.

**2.33 UtahLINK**

Since most educational institution have been connected to UtahLINK, the



requirements for additional bandwidth have doubled annually. To maintain current service demand, UtahLINK needs additional funding for communication lines and routers with greater capacity. Recommended funding is to cover Internet access costs, in-state circuit charges, equipment replacement and upgrades, and course content and development. If additional revenue becomes available, it is recommended that \$1,287,400 be appropriated from the Uniform School Fund to meet the expanding needs of UtahLINK in FY 2000.

### 3.0 Recommendations For The FY 2000 Budget

**3.10 Changes to the Base** Changes to the base involve making technical adjustments in several programs.

**3.11 Snow College South** The passage of House Bill 114, Snow College South, transfers the operation of the Sevier Valley ATC from the State Board of Education to Snow College. The budget figures in the Analyst's recommendation shows an increase of \$3,873,000. These funds reflect the operating costs of Sevier Valley ATC that will be transferred from Public Education to Higher Education.

Uniform School Fund	\$3,329,800
Dedicated Credits	<u>543,200</u>
Total	<u><u>\$3,873,000</u></u>

**3.12 Utah Poison Control Center** The Poison Control Center, located at the University of Utah, will now receive funds from the 911 telephone surcharge rather than obtaining funds from the General Fund (Senate Bill 221 Emergency Services Telephone Charge). The amount of funds generated by the surcharge going to support the Utah Poison Control Center is estimated at \$1.2 million and is reflected as a dedicated credit in the Analyst's recommendation for FY 2000.

**3.13 Internal Service Fund Adjustment** The recommended appropriation for FY 2000 includes \$300,000 to cover the increased lease cost on vehicles USHE and UEN are currently leasing from the State's Central Motor Pool. A recommendation of \$74,000 from the General Fund finances the cost of inputting institutionally owned vehicle information on the State's Fleet Management Information System. The distribution of these funds is shown on Table 3.

**Table 3**  
**Internal Service Fund Adjustment**

<u>Institutions</u>	<u>FY 2000 Recommend</u>
University of Utah	\$57,300
Utah State University	18,200
Weber State University	18,500
Southern Utah University	79,400
Snow College	42,500
Dixie College	21,400
College of Eastern Utah	21,000
Utah Valley State College	37,000
Salt Lake Community College	4,100
Board of Regents	<u>74,300</u>
Subtotal	373,700
Utah Education Network	<u>300</u>
<b>Total</b>	<u><u>\$374,000</u></u>

The fleet management information system is nicknamed "CARS". CARS stands for "Computerized Automotive Resource System". This system includes a series of interfaces to fuel network, vendors, agency billing and financial reporting systems.

There are four main system components:

**Inventory Tracking System**- contains complete demographic information about each piece of equipment. All fuel transactions and fuel cost history is automatically interfaced from the State fuel network providing users with a detailed cost history of all equipment fuel transactions.

**Motor Pool Center**- works similar to a Hertz or Avis system allowing each motor pool to efficiently and effectively allocate its short term pool resources. It logs reservations and assigns vehicles to individual lessees. This piece allows each motor pool operation to run like a small business.

**Work Order Center**- all work and services to equipment is entered in the system on a real time basis. This component gives up-to-date repair information and history. It tracks both internal and external repairs, captures all labor and parts associated with the repair process, tracks warranty information, and gives price comparisons between state shops and private shops.

**Parts Inventory System** - tracks inventory of fleet related items, such as parts and supplies. It has a "Just-in-time" ordering module that keeps track of backorder information and provides each shop with an up-to-date inventory of all information needed to run a parts inventory business.

**The Legislative Fiscal Analyst recommends funding this proposal because it includes USHE as part of a statewide fleet management effort to maintain more efficient management and operation of the State's fleet of vehicles.**

### **3.14 Salt Lake Community College Transfer**

The need for cooperation and coordination between Utah's systems of public education and higher education becomes increasingly important. To address this issue, the Utah State Board of Education and the Utah State Board of Regents established a Joint Liaison Committee, with representation from both boards, as well as, from business and industry.

Education and training of adults in Utah is the responsibility of the Utah System of Higher Education(USHE) and the State Board of Regents (SBR), while the education and training of Utah's school-age children is the responsibility of the Utah Public Education System(UPES) and the State Board of Education(SBOE). The Task Force recognizes that some of the roles and missions of the two Boards will overlap, however, the principle of preserving the two systems while promoting cooperation and coordination should be maintained. The Task Force has recommended, *"generally, State funding for the education and training of adults in Utah should flow through the Utah System of Higher Education and the State Board of Regents, regardless of the delivering public education institution; and state funding for the education and training of Utah's school age children"*

*should flow through the Utah Public Education System and the Utah State Board of Education, regardless of the delivering public education institution.”*

Since the early 1990's, Salt Lake Community College (SLCC) entered into an agreement with the Wasatch Front South Applied Technology Service Region (WFSATCSR). The agreement was that the funding transferred to SLCC from the USHE base budget for ATCSR's would be transferred to the WFSATCSR to supplement the cost of instructing secondary students. Due to the Task Force's recommendation, that USHE would be responsible for the education and training of adult students, and the SBOE would be responsible for the education of school age children, SLCC decided that starting in FY 2000, they could no longer transfer the \$249,000 to the WFATCSR. The WFSATCSR is very dependant upon that funding. In FY 98, the WFATCSR, had membership hours of 290,916 (membership hours equates to 50 minutes of instruction), of that total, 96% of the students were secondary students.

**The Analyst recommends that \$249,000 be transferred from the USHE's base budget for ATCSR's to the Wasatch Front South ATCSR. If funding is available, the Analyst also recommends that \$249,000 from the General Fund be appropriated to replace the base funding in the USHE's ATCSR Program that was transferred to the WFSATCSR for FY 2000.**

**It is also the Analyst's recommendation that the Legislature study the effect of designating the funding for adult education and training through the Utah System of Higher Education(USHE) while funding the education and training (including vocational education) of Utah's school-age children (K-12) through the Utah Public Education System(UPES).**

### **3.15 Mineral Lease Replacement**

To help mitigate the local impact of major energy and mineral developments on federal lands, the federal government shares the royalty revenue with State and local governments. These funds, called mineral lease payments, are sent back to the states for allocation to the impacted communities. Because of the extent of federal land holdings in Utah, the amount of funds available to this State are extensive.

As provided by Statute, USHE received an annual appropriation from the Mineral Lease Account. Ensuing legislation called for the replacement of these funds with General Funds.

“ . . . in fiscal year 1996-97, 20% of the mineral lease funds appropriated to the Board of Regents . . . shall be appropriated to the Permanent Community Impact Fund and an equivalent amount shall be appropriated from the General Fund to the Board of Regents to replace the mineral lease monies that the Board of Regents would have otherwise received. An additional 20% of the funds appropriated to the Board of Regents . . . Shall be appropriated to the Permanent Community Impact Fund in each succeeding fiscal year until 100% of the funds currently appropriated to the Board of Regents . . . are appropriated to the Permanent Community Impact Fund. An equivalent amount shall

be appropriated from the General Fund to the Board of Regents each of the succeeding fiscal years to replace the mineral lease monies the Board of Regents would have otherwise received.”

The amount for replacement totals \$2,827,100. **With two years left, the Analyst recommends replacing 50 percent of the remaining balance or \$1,413,800 from the General Fund in FY 2000.**

As provided by Statute, USHE receives an annual increase in Mineral Lease Funds due to inflationary changes in the Consumer Price Index. It is projected that the adjustment for FY 2000 will total \$146,200 based on a 2.10 percent change in the CPI.

By FY 2001, 100 percent of the Mineral Lease Funds in higher education budgets will be replaced, except for the money in the USU Water Research Lab. The Water Lab receives a separate allocation amounting to \$641,300, or 2.25 percent, of the \$28.5 million of Mineral Lease Royalties projected for FY 2000.

**TABLE 4**  
**Utah System of Higher Education**  
**FY 2000 Mineral Lease Replacement**

	<b>FY 2000 Base</b>	<b>General Fund Replacement</b>	<b>FY 2000 Growth</b>	<b>FY 2001 Replacement</b>
University of Utah	\$887,800	\$443,900	\$41,200	\$485,100
Utah State University	585,900	293,000	29,500	322,400
Weber State University	350,600	175,300	16,700	192,000
Southern Utah University	130,500	65,300	8,200	73,400
Snow College	71,600	35,800	4,700	40,500
Dixie College	88,500	44,300	5,400	49,600
College of Eastern Utah	42,100	21,100	2,900	23,900
Utah Valley State College	262,300	131,200	18,600	149,700
Salt Lake Community College	407,800	203,900	19,000	222,900
Board of Regents				0
Total USHE	<u>\$2,827,100</u>	<u>\$1,413,800</u>	<u>\$146,200</u>	<u>\$1,559,500</u>

### **3.16 Electronic Community College**

The Board of Regent’s Task Force on Institutional Missions/Roles & System Configuration recommends “*that it is the policy of the Utah State Board of Regents to provide high quality course work and degree programs, in as convenient a manner as practical. In sparsely populated counties, where insufficient numbers of students or potential students make the construction of traditional campus facilities impractical, an effort will be made to provide appropriate alternative course of delivery modes.*” Students have another option for earning college credits in the State of Utah. The Utah Electronic Community College (UECC) is a new concept wherein the colleges will pool resources and program offerings from each campus to provide statewide access to technology

delivered two-year degrees. Technology delivered instruction from UECC will employ many forms to deliver their course of instruction. This will include either synchronous or asynchronous audio, video and computer technologies. Over the past year, the UECC has made steady progress in establishing a cooperative approach which has facilitated the availability of many courses by the participating institutions for the students. As of August 1998, five institutions were participating with a total of 237 courses available.

**The Legislative Fiscal Analyst recommends a transfer of funding in the amount of \$414,000 from the Western Governor's University base budget as an ongoing base budget in support of the Utah Electronic Community College. It is also recommended that these funds be transferred to the UEN budget for distribution to the colleges for program development within the Electronic Community College.**

### 3.17 Western Interstate Commission on Higher Education

The Western Interstate Commission on Higher Education (WICHE) Professional Student Exchange Program allows students from twelve participating states to enroll in certain out-of-state professional programs at a reduced tuition rate. These professional programs are usually not available in the student's home state. Students pay the resident tuition rate at public schools and reduced standard tuition at private schools. The student's state of residence pays a support fee to the receiving school to help pay for the cost of the student's professional education. In addition, each state pays a membership fee to support the administrative functions of the Commission.

Since 1954, the State of Utah has supported 300 veterinary medicine graduates through the WICHE Program. Since 1976, Utah has supported an additional 48 graduates in podiatry and 75 graduates in optometry through the WICHE Program. WICHE has allowed a total of 423 students to complete professional programs not available in the State of Utah at an affordable tuition rate. As can be seen by Table 5, a significant percentage of these graduates are licensed to practice in Utah.

**Table 5**  
**Utah Students in WICHE Programs**

Field of Study	Number of Utah WICHE Graduates	Number of WICHE Graduates Licensed to Practice in Utah	% of Utah WICHE Graduates Currently Licensed in Utah
Optometry	75	63	84%
Podiatry	48	28	58.3%
Veterinary Medicine	300	181	60.3%

Although support fees and state membership fee have gradually increased, the annual appropriation for the program has remained the same. In order to maintain the level of support that Utah has provided to students through the WICHE program to date, it is necessary for the base budget to be increased. **It is recommended by the Analyst that funding in the amount of \$75,000 from the**

**General Fund be appropriated to maintain the current level of the WICHE programs.**

### 3.18 Utility/Rate Increases

Schools within the USHE have experienced increased costs as a result of rising utility rates, increasing student enrollment and expanding building capacity. The University of Utah must meet the obligation of the Creighton University contract. Utah Valley State College is an all electric facility and has been impacted by increases in power rates. Utah Valley has also experienced a sewer rate increase and Dixie College has had a rate increase in water. The Analyst suggests that these increasing costs should be partially funded by the Legislature, with the remaining costs to be absorbed in the existing budget.

**The Analyst recommends an appropriation from the General Fund for FY 2000 of \$56,900 to fund increases in utility and power costs. Recommended distribution is as follows:**

**Table 6**  
**Utility Rate Increases**

University of Utah Creighton University Contract	\$20,000
Dixie College Water Rate Increase	15,400
Utah Valley State College Fuel and Power Rate Increase	9,400
Utah Valley State College Sewer Rate Increase	<u>12,100</u>
Total	<u>\$56,900</u>

### 3.19 Operation & Maintenance of New Facilities

The Operation and Maintenance (O&M) of new facilities is an obligation of the State if the Legislature has approved both the construction of the facility and the payment of O&M from State General Funds. A growing problem within the State, and within Higher Education specifically, is the cost for O&M of donated facilities. Certainly, the State appreciates the generous gifts from benevolent donors. However, each facility donated must be staffed and maintained. In an attempt to resolve this concern, the Legislature included the following intent statement in the FY 1999 Appropriation Act:

*“Where appropriate, the State Building Board should develop a common definition of O&M relative to this legislative intent”.*

The Board of Regents recently implemented the following guidelines when requesting O&M funding on non-state funded capital projects.

**4.5.5.2. Funded from Private Sources** - *If the project involves major construction or major remodeling, and it is proposed that it be funded from private sources, or from a combination of private sources and other non-state appropriated funds, the institutional president, after receiving the approval of the institutional Board of Trustees, shall inform the Commissioner of the scope and character of the proposal for submission to the Regents for Board approval. The terms “major construction” and “major remodeling” refer to projects with an estimated total project cost that exceeds \$1,000,000.*

**4.5.5.3. Operating and Maintenance (O&M) Costs on Non-State Funded Projects** - Since donated or non-state appropriated facilities require ongoing funds for operations and maintenance, proposals for property acquisitions, construction, or remodeling must include arrangements as to how O&M costs will be covered. (O&M as defined by the State Building Board.) As determined by eligibility, institution are to pursue O&M funding in the following sequence of non-state funded facilities: first, separate non-state funding assured through private contracts or an O&M endowment established by a private donor; second, an institutional O&M accounts; and third, necessary additional funding of O&M costs requested through legislative appropriations.

**4.5.5.3.1 Determining Eligibility of State Appropriated O&M:** (a) An acquisition, construction or remodeling project funded from private sources, or from a combination of private sources and other non-state appropriated funds will be eligible for state appropriated O&M when **the use of building is primarily for approved academic and training purposes and associated support and is consistent with the programmatic planning and facilities master plan requirements of the institutions.** Examples of such space include classrooms, class/labs, faculty and education and general administrative offices and related space, library and study space, open labs, education and general conference rooms, physical education space, and academic and approved training support space, i.e.. Admissions, records, counseling, student aid administration, campus security, computer center and telecommunication space, etc..

(b) In most cases, if the acquisition, construction or remodeling project is not primarily for approved academic and training purposes or associated support it will not be eligible for state appropriated O&M funding. Examples of such space might include research space not generating student credits, football stadia, softball, baseball, soccer fields, basketball arenas, self support auxiliary space, i.e., college bookstores, food service, student housing, recreational services, student organizations, private vendors and student health services spaces, etc..

(c) The Board, on a case by case basis, may determine that an acquisition, construction or remodeling project to be used primarily for purposes other than approved academic and training purposes and associated support should be eligible for state appropriated O&M funds in whole or in part. Each request for such Board consideration must be accompanied by a detailed statement showing how space types include in the facility will relate to important institutional activities such as instruction, research generating student credits, and service within the institutions's role statement. Examples of such space might include museums, theaters, community outreach and research spaces administered by academic units that generate academic students credits, etc..



### 3.19.1 O&M new funding

Based on the these guideline, the following are the recommendations for funding by the Analyst:

#### University of Utah (\$1,507,400)

- *Huntsman Institute* - The Huntsman Cancer Institute is a research facility with labs, a clinic, and a library. It is scheduled to open in June of 1999. The facility was primarily funded by the Huntsman Foundation. **The recommendation for O&M for FY 2000 is \$1,028,400.**
- *Gardner Hall Renovation* - The Gardner Hall renovation project consists of three primary components: the renovation of the building itself, a new concert hall, and a connection between the two. The renovation of Gardner Hall received a gift of approximately \$6,000,000 with the stipulation that the renovation include a concert hall. The renovated Gardner Hall will accommodate faculty offices, studios, classrooms, and an administration library. The concert hall will house a 700 seat performance hall, rehearsal spaces, a recording studio, and practice rooms. The connection will function as additional lobby space and a secondary entrance. **The recommendation for O&M for eight months in FY 2000 is \$100,000.**
- *Christensen Business Center* - The Christensen Center is scheduled to open in August of 99, providing classroom space for the David Eccles School of Business. The building was funded by a private donor. **The O&M recommendation for FY 2000 for 11 months is \$169,000.**
- *Skaggs Biology Building* - The Skaggs Biology Building opened in FY 98. The facility houses research labs, faculty offices, department headquarters for the Biology Department and two classrooms with a total seating capacity of 425. In the fall of 1998, seven undergraduate courses were taught in the biology building with a registration of 1,063, and 4,048 credit hours generated. The facility was funded by the Skagg's family and with research overhead. **The O&M recommendation for FY 2000 is \$210,000.**

#### Weber State University (\$188,000)

- *Browning Center* - The Browning Fine Arts Center expansion is scheduled to be completed in July of 99. The Browning Center houses the performing arts program. **The O&M recommendation for FY 2000 is \$188,000.**

#### Southern Utah University (\$18,400)

- *Custodial Service Facility* - The facility was part of the Technology Building renovation project. The renovation of the basement in the Technology Building added classroom, labs, and office space displacing the Custodial Services. The Custodial Service Facility was moved to the West Campus close to the Plant Operation Shops in accordance with the Master Plan which is to have all of the campus operations housed together. **The funding recommendation for FY 2000 O&M is \$18,400.**

#### Snow College (\$70,900)

- *Noyes Building* - The renovation of the historic Noyes Building will house administrative offices, the math department, classrooms, conference

rooms. Furthermore, the upper floor and attic have been renovated to house a multipurpose rooms. The building will be completed in January 1999. **The O&M recommendation for FY 2000 is \$19,400.**

- *Shop Expansion of South Campus* - The Washburn Building expansion at the Snow College South Campus expanded the shop. Therefore, additional O&M funding is needed. **The O&M recommendation is \$51,500 for FY 2000.**

#### **Dixie College (\$295,900)**

- 1) *Harmon's Property* - The Harmon's Property, located north of the Campus was purchased through a combination of private donations and State funding for future use by the college. Due to the Life Safety issues of the Graff Fine Arts Building, DFCM determined that the building would cost more to repair than to replace. The proposal is to temporarily move the programs housed in the basement of the Fine Arts building to the Harmon's building, and the theater which is on the main floor to the Dixie Center until the completion of the new Graff Fine Arts Center. **The O&M recommendation for FY 2000 is \$90,400.**
- *Dixie Center* - The Dixie Center was remodeled to enhance the fine arts, athletic, physical education, and classes housed at the Center. **The funding recommendation for FY 2000 O&M is \$205,500.**

#### **Salt Lake Community College (\$17,900)**

- *South City Campus Annex* - The building was purchased in FY 97 located on State Street and 17<sup>th</sup> South. This facility is used for the Grand Theater prop storage, offices for the Small Business Development Center, and for continuing education and general classrooms. **The recommendation for FY 2000 O&M is for \$17,900.**

### **3.19.2 Unfunded FY 2000 O&M Projects**

#### **College of Eastern Utah**

- *Student Center* - The College of Eastern Utah requested an increase of \$150,700 for O&M purposes for FY 1999. The request was for two projects: the Student Center on the Price campus and the San Juan Arts and Conference Center in Blanding.

The Student Center at CEU opened four months late, and the San Juan Center construction has not even commenced. Due to delays in the bid process, the San Juan Center will not be operational in FY 2000. Based on intent language set forth in Senate Bill 1, Item 75, which clearly states that **funds for O&M are to be used for O&M purposes only**, the use of these funds would be in direct conflict with Legislative intent. The following Table outlines the funding for FY 2000:

**Table 7**  
**CEU O&M Funding**

<b>FY 2000 request for O&amp;M for Student Center</b>	<b>\$95,000</b>
<b>Plan of Financing:</b>	
Unused O&M for Student Center	\$43,800
Appropriation for San Juan Center	<u>51,200</u>
<b>Total FY 2000 Funding for Student Center</b>	<b><u>\$95,000</u></b>

The Analyst recommends that the O&M request of \$95,000 in FY 2000 for O&M appropriations for the Student Center at CEU be funded from the \$43,800 of carryforward from Fiscal Years 1998 and 1999 and the remaining O&M base funding of \$51,200 be transferred from the O & M carryforward for the San Juan Center since it will not be operational in FY 2000. In FY 2001, the O&M base funding of \$73,100 for the Student Center and \$10,200 for the San Juan Center needs to be appropriated.

#### **Southern Utah University**

- *Stadium West* - The facility is for offices, skyboxes, and a storage facility. The facility does not qualify for state funding of O&M based on the Board of Regent's policies on Capital Facilities as found in R710, Section 4.5.6 Operating and Maintenance (O&M) Cost on Non-State Funded Projects:

*(b) “ . . . if the acquisition, construction or remodeling project is not primarily for approved academic and training purposes or associated support, it **will not be eligible for state appropriated O&M funding.***

*Examples of such space might include research space not generating student credits or equivalent thereto, **football stadium**, softball, baseball, soccer fields, basketball arenas, self support auxiliary space, i.e., college bookstores, food service, student housing, recreational services, student organizations, private vendors, and student health services spaces.” (SBR Policy 710, Capital Facilities)*

**Based on the above policy, the Analyst recommends funding the O&M from current institutional funds.**

## 3.2 Other Funding Issues

## Issues for Legislative Consideration in Financing the FY 2000 USHE Budget

### 3.21 Tuition and Fees

The State Board of Regents is responsible for establishing tuition rates for each of the nine institutions within the USHE. Tuition may be set in consideration of the institutional mission. However, during the last several years, the Regents have not differentiated the rate increase by type of institution. In addition to tuition, each college or university may enact fees to cover increased costs associated with particular classes such as course or lab fees. Other fees, not directly instructional, are assessed to enhance the educational quality of the institution. The fee assessments vary by institution and often include student services, computer centers and recreational programs. **The Regents have not approved a tuition rate increase for Fiscal Year 2000.**

In the fall of 1998, when the Regents normally adopt a budget amount for the system of higher education, the Regents withheld setting a tuition rate increase because of their interest in a pending Executive Appropriation Committee decision on using tuition revenue for salary increases.

Each year, the Fiscal Analyst, under direction from Legislative Executive Appropriation Committee, sets aside funds for compensation increases for all sectors of State Government as part of the annual budget recommendation.

The guidelines used by the Fiscal Analyst in developing the funding sources for the compensation reserve were adopted by the Executive Appropriations Committee on December 13, 1994. The guidelines state that:

*“Increases for agencies or programs funded with a mix of revenue sources should generally be based on:*

*“a. The proportionate share of those revenue to the agency budget. . . .”*

*“d. In Higher Education budgets, if tuition increases are proposed to fund the recommended budgets, the dedicated credits from this revenue source should bear their proportionate share of increased compensation costs based on the ratio of tuition to the free revenue sources in the current budget.”*

The Governor’s FY 2000 budget guidelines for funding compensation adjustments contain similar instructions:

*“Agencies are to reserve a portion of their non-state funds (i.e. dedicated credits, restricted funds, federal funds, and fixed collections) to cover compensation and benefit changes.”*

The Executive Appropriation Committee reviewed this issue in their December 1998 meeting. The Committee did not amend its policy on using dedicated credits (tuition revenue) to fund employee compensation increases.

According to the material supplied with their 1999-2000 Appropriated Operating Budget Request for the USHE, “the Board of Regents will determine a tuition increase during or shortly following the Legislative Session.”

The Analyst is concerned with the timing of the Regents’ decision to set tuition. By delaying this decision on new tuition rates, the Legislature does not have full fiscal information to make appropriate budgetary choices. To avoid any uncertainty in financing the State’s budget by the Legislature, statutory provision state that:

*“The board shall recommend to each session of the Legislature the minimum tuitions, resident and nonresident, for each institution which it considers necessary to **implement the budget recommendations**. The board **may** fix the tuition, fees, and charges for each institution at levels it finds necessary to meet **budget requirements**.”* (Utah Code 53B-7-101 (6))

It is noted that the Governor’s budget recommendation for higher education for FY 2000 included \$3.7 million in an “**assumed tuition increase**”

#### **What should the tuition rate increase be for FY 2000?**

Since the Regents have not set a tuition rate in their budget request, **it is recommended by the Fiscal Analyst that the Legislature consider using the revenue generated from a 4.0 percent tuition hike in their plan of financing the USHE**. In the view of the Analyst, this recommendation is consistent with national trends. Based on data collected in the College Board’s annual survey of colleges, tuition and fees increased by 4 percent for the 1998-99 academic year. Raising tuition rates by 4.0 percent in FY 2000 will generate over \$6.4 million.

Based on the collection of approximately \$6.4 million in additional revenue, **it is recommended that \$3,389,400 be set aside to help fund a 2.5 percent compensation increase**. This is consistent with the Executive Appropriation Committee policy on funding employee compensation.

#### **3.22 Alternative Uses of the Remaining Revenue**

**It is recommended that the balance of the tuition revenue be used to supplement the proposed 2.5 percent salary increase.** The additional money will allow USHE administrators to address selective salary adjustments for faculty and staff at all nine institutions. Both national and western states comparative compensation figures indicate that salaries at USHE institutions are lower than similar institutions by 12 to 20 percent.

An alternative recommendation for Legislative consideration is to use the \$3,041,600 to fund various student needs identified in the institutional priorities. **If this alternative use of student tuition revenue is selected by the Legislature, it is recommended that the Legislature adopt intent language that requires**

**student input and endorsement on the use of these funds.** The Fiscal Analyst suggests the following potential allocation of these funds:

**Americans With Disabilities Act . . . . . \$401,300**

The Americans With Disabilities Act is designed to remove barriers that prevent disabled persons from fully participating in activities that are available to the general public. As student enrollment grows and access increases, the number of disabled students participating in college life on Utah campuses also increases. Therefore, additional programmatic needs are required for disabled Utahns on campus. This recommendation is to enhance funding for interpretive programs for the deaf, provide enlarged print services and readers for the blind, and purchase specialized equipment for these students.

**TABLE 8**  
**Americans with Disabilities**

	<b>Recommendation</b>
University of Utah	\$65,600
Utah State University	51,900
Weber State University	10,000
Southern Utah University	10,000
Snow College	11,300
Dixie College	10,000
College of Eastern Utah	10,000
Utah Valley State College	103,100
Salt Lake Community College	<u>129,400</u>
Total USHE	<u><u>\$401,300</u></u>

**Library Acquisitions and Operations . . . . . \$1,862,600**

The core of a library is its collection of books and journals. The cost of maintaining journal subscriptions is continually rising by almost 10 percent annually.

**TABLE 9**  
**Library Funding**

	<b>Recommendation</b>
University of Utah	\$1,022,800
Utah State University	582,200
Weber State University	150,000
Southern Utah University	98,200
College of Eastern Utah	<u>9,400</u>
Total USHE	<u><u>\$1,862,600</u></u>

**WSU - Access, Transfer & Graduation Quality Initiatives . . . . . \$176,600**

The WSU First Year Experience (FYE) program is designed to assist students in making the transition to college. This program has had a positive impact on retention and graduation rates. FYE students who are academically at-risk are 24 percent more likely to graduate than the non-FYE freshmen students. The additional funding would increase the number of sections of the FYE for greater student participation.

**SUU - Student Work to Learn Hourly Wages . . . . . \$ 30,000**

The funds would provide undergraduate students with the opportunity to earn their full tuition while working in academic departments of the university. These students will gain valuable work experience, and reduce their need for additional financial aid.

**Snow College - Campus Security . . . . . \$35,300**

Snow College has functioned for years without a full-time security officer. The funding is to hire a POST-certified officer to maintain the security of the campus and contribute to the safety of their students.

**Dixie College - Counselors & Advisors . . . . . \$72,800**

Due to student growth at the college, this additional funding would provide academic advisors and counselors to meet the backlog of student demand.

**CEU - Student Outreach and Development . . . . . \$23,200**

This is a comprehensive program designed to assist the students at CEU in their decisions to attend college until they either finish at CEU, or until they transfer to another institution. The program will address all areas of student life, including: academic advising, and counseling for career selection and work preparation.

<b>UVSC - Placement Services</b> .....	<b>\$89,500</b>
This appropriation would fund additional employment counselors to assist students in job placement, advise on career opportunities, and assist in the development of potential employment opportunities for graduates.	
<b>UVSC - Technology Courses &amp; Equipment</b> .....	<b>\$137,700</b>
This appropriation funds continuing production and support of technology assisted courses for distance learning.	
<b>SLCC - Student Self-audit Program</b> .....	<b>\$40,000</b>
On-Course, a degree audit facilitation program, allows students to monitor their progress toward graduation over the Internet. This program also becomes a useful tool for student advising and registration.	
<b>SLCC - Tutors</b> .....	<b>\$44,100</b>
The college is in need of money to provide instructional assistance for students in the following areas: developmental education, mathematics computer lab access, and language skills (including American Sign Language).	
<b>SLCC - Technology Courses &amp; Equipment</b> .....	<b>\$128,500</b>
This appropriation would provide additional resources in support of distance learning opportunities through the Utah Electronic Community College and the Western Governors University for SLCC students.	

### 3.23 Graduate Tuition

The following intent language relating to graduate tuition was written in the 1998 General Session:

“It is the intent of the Legislature that the State Board of Regents, in cooperation with the Legislative Fiscal Analyst, prepare a report on graduate tuition to present to the Legislature during the 1998 interim session.”

The Board of Regents implemented a Master Task Force on Funding Mechanisms to study the graduate tuition. The recommendations of the Task Force include allowing each of the four institutions with graduate programs the flexibility to recommend varied tuition rate increases for their graduate programs and allowing the institutions to retain and allocate such tuition increases. A final report has not been issued on the Task Force’s recommendations.

The Board of Regent’s policy R510, Tuition and Fees, establishes the methods and conditions for determining tuition and fees charged to students at the institutions. In setting the graduate/undergraduate tuition ratio, “tuition for resident and non-resident graduate students will be set at not less than one hundred ten percent (110 percent) of tuition for undergraduate students.”

A graduate student is a student who has formally been admitted to the graduate



program at the institution. A full-time graduate student (FTE student) is one who has 10 credit hours per semester (the semester conversion began in the Fall of 1998) for two semesters. A full-time undergraduate student has 15 credit hours per semester.

Currently, the practice is to calculate the tuition charged to graduate students on a per credit hour basis. Since a full-time graduate student takes 10 credit hours per quarter, at the University of Utah, for example, the tuition and fees for a resident student is \$2,790.30 per academic year based on the 1997 tuition and fee rates. Utah State University's tuition and fees for resident graduate student for the 1997 academic year is \$2,355.00. This amount is 110 percent of the tuition an undergraduate resident student would pay who is taking 10 credit hours per term. A full-time undergraduate resident student taking 15 hours would be charged tuition and fees at the U of U of \$2,601.30 and \$2,175.00 at USU for an academic year. By comparison, the current tuition and fees charged for resident graduate students amounts to 21 percent of the average cost of instruction for graduate students for the U of U, and 30 percent of the average cost of instruction for USU graduate students. The tuition and fee revenues for undergraduate students covers about 74 percent and 71 percent of the cost of instruction for undergraduate students at the U of U and USU, respectively. Note, the tuition and fees for academic year 1997 were used which was based on a quarter system, because the tuition and fees for 1998 with the semester conversion were not available at this time.

The following two charts illustrates the disparity between the tuition and fees for full-time resident graduate students and the average cost of instruction. The 1997 cost of instruction figures were used because the 1998 figures were not available at this time.

**Figure 1**

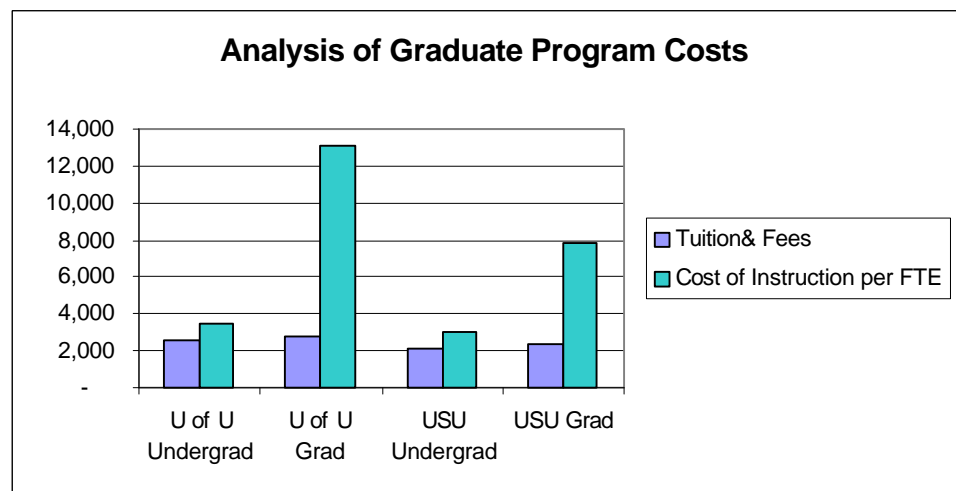


Table 10

Table of Full Time Students Tuition & Fees		
	<u>U of U</u>	<u>USU</u>
<b><u>Full Time Students:</u></b>		
Undergraduate Students	15 Hours	15 Hours
Graduate Students	10 Hours	10 Hours
<b><u>Current Policy:</u></b>		
Actual Undergraduate Students Tuition & Fees	867.10	725.00
Actual Graduate Students Tuition & Fees	703.61	663.38
<b><u>Current Method of Calculating Graduate Tuition:</u></b>		
Based on Undergraduate Tuition of 10 hrs.	638.60	603.00
10% of Undergraduate Tuition	63.86	60.30
Graduate Tuition	702.46	663.30
<b><u>Recommended Change:</u></b>		
Undergraduate (No Change)	867.10	725.00
<b><u>New Method of Calculating Graduate Tuition:</u></b>		
Based on Undergraduate Tuition of 15 hrs.	867.10	725.00
10% of Undergraduate Tuition	86.71	72.50
Graduate Tuition	953.81	797.50
Variance Between Current and New Method	250.20	134.12
FTE Graduate Students	3,603	1,989
Increase per Quarter	\$ 901,476	\$ 266,764
Annual Increase	\$ 2,704,429	\$ 800,292
<b><u>Student Cost Factors:</u></b>		
	<u>U of U</u>	<u>USU</u>
Cost per FTE Student		
Undergraduate	\$ 3,495	\$ 3,064
Graduate	13,069	7,834

**It is recommended by the Legislative Fiscal Analyst that the State reconsider the policy which sets the tuition for graduate students. Graduate students should bear more of the direct cost of graduate level instruction.** It is estimated that the University of Utah and Utah State University, can generate an additional \$3.5 million by replacing the current practice of calculating graduate tuition and fees with the new method illustrated in the above table. **With this additional tuition revenue, the budget items for these institutions not included in the Analyst's recommendation could be funded in FY 2000.**

### 3.23 Reimbursed Overhead

Reimbursed Overhead is money collected on research grants and contracts to offsets the indirect cost of research. It pays the overhead cost of laboratory operating and maintenance, utilities and some administrative expenses. In Fiscal year 1998, USHE institutions were projected to collect about \$45.3 million in Reimbursed Overhead. About 98 percent of the funds are collected at the University of Utah (75%) and Utah State University (23%). Since FY 1991, Reimbursed Overhead Revenue grew from \$30.0 million to \$45 million in FY 1998, a 50 percent increase.

Reimbursed Overhead revenue was initially used to help finance student instruction in the Education and General (E&G) budgets at each institution. In the '80s, the schools were allowed to keep a portion of these funds as seed money to attract additional research grants. The Legislature eventually allowed the institutions to keep 100 percent of their Reimbursed Overhead funds.

The Board of Regent Policy on Reimbursed Overhead (R535), provides policy guidelines for budgeting, accounting and reporting of reimbursed overhead revenues and expenditures. The policy states that:

*“3.2. Retained for Support of Research and Related Programs - All reimbursed overhead revenues shall be retained by the institution for the support of research and related programs.*

*3.2.1. Related programs include expenditures for instruction, public service, necessary physical plant, and student, academic and institutional support.”*

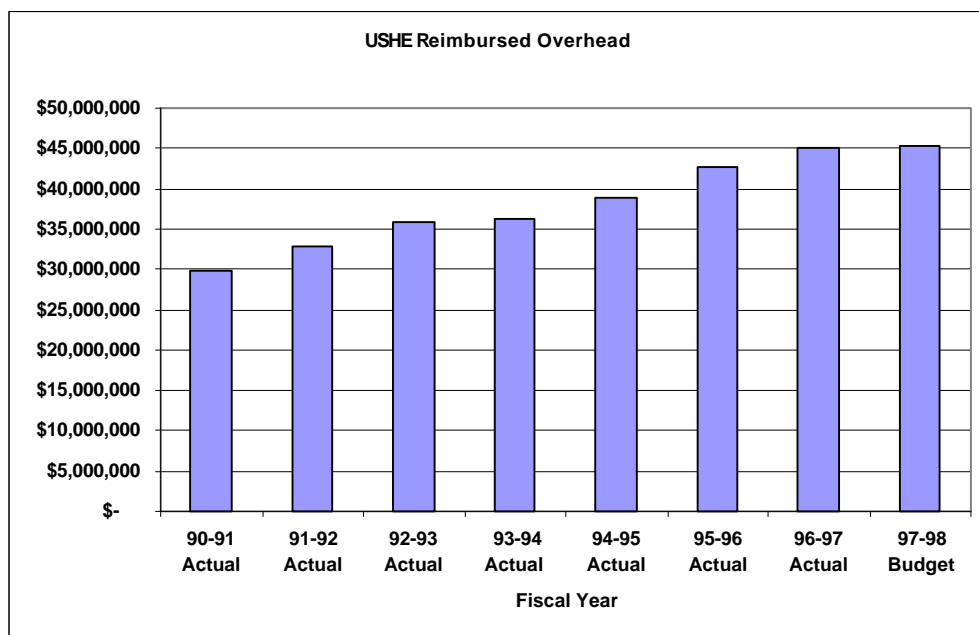
A compelling need in higher education is maintaining current collections of library journals and materials. The cost of maintaining journal subscriptions, particularly in scientific and technical disciplines, is continually rising by almost 20 percent annually. The current focus is to provide electronic editions of these journals which are significantly more expensive than the printed copy.

There is also a continual need to enhance the quality of the undergraduate programs in the technical disciplines, as well as provide advanced laboratory equipment for engineering, science and math students.

It is recommended that the Legislature require that 10 percent of the Reimbursed Overhead Funds be used to support undergraduate science, engineering and other technical fields of study. It is also recommended that an equivalent portion of these funds be used to maintain the technical collections of journals and other library materials. This action would supplement existing undergraduate instruction and

laboratory budgets by about \$4.5 million annually.

**Figure 2**



**Table 11**  
**Reimbursed Overhead**

### 3.3 Analyst's Recommendations Based on Additional Funding

Recent decisions by the Executive Appropriations Committee set aside all but \$25 million of the projected new revenue available in FY 2000. These funds are committed for ongoing funding obligations, statewide projects and other Legislative priorities. The unencumbered revenue limited the amount of funds available to the Analyst for budget allocation. If additional funds become available for FY 2000, the Analyst would recommend funding the following items:

#### 3.31 FCC Universal Access

In 1997, the FCC reformed its system of interstate charges to make the system more compatible with the development of competition for all telecommunications services, including local telephone service. Most of these changes became effective January 1, 1998. Some of these changes concerned the federal subscriber line charge, which is part of the fees paid by the individual residential and business telephone subscriber with more than one telephone line. When a consumer makes a long distance call, the long distance carrier must use the calling party's local company to pick up the call, and the receiving party's local company to complete the call. The long distance company is required to pay each of these local companies for "access" they provide to these customers. The FCC has changed its rules regarding these access charges. Under the new rules, the charges the long distance companies pay local telephone companies for each customer line the long distance company served increased. The other problem is, the per minute charges long distance companies pay for each call was reduced by an even

greater amount than the access charge increase. In order to meet the demands of the access charges, USHE has requested an appropriation of \$74,800 as distributed in the following Table.

**Table 12**  
**FCC Universal Access**

University of Utah	\$25,000
Utah State University	17,400
Weber State University	5,600
Southern Utah University	6,000
Snow College	1,500
Dixie College	1,200
College of Eastern Utah	3,000
Utah Valley State College	14,000
Salt Lake Community College	<u>1,100</u>
Total	<u>\$74,800</u>

**If funding is available, it is recommended by the Analyst that \$74,800 be appropriated from the General Fund to cover the cost of the FCC Universal Access Charge**

#### 3.32 Hazardous Waste

Federal mandated regulations require the removal and safe disposal of hazardous

waste materials from the classrooms and laboratories on a frequent basis to ensure reduced exposure. The list of items classified as hazardous waste increases every year. Most of the hazardous waste comes from student-related activities, although research budgets have covered most of the expenditures. The cost of cleaning, neutralizing, storing, testing, transporting, and disposing of hazardous wastes has exceeded the budget. The allocation of the Hazardous Waste funding needed by six of the institutions is outlined in the Table below.

**Table 13**  
**Hazardous Waste**

University of Utah	\$142,700
Utah State University	102,300
Weber State University	20,400
Dixie College	4,500
College of Eastern Utah	5,000
Utah Valley State College	5,000
Total	<u>\$279,900</u>

**The Analyst recommends, if funding is available, the \$279,900 be appropriated from the General Fund in FY 2000 to cover the added cost of disposing of hazardous waste.**

### **3.33 University of Utah - Utah Area Health Education Centers (AHEC)**

The AHEC program began operations at the University of Utah on July 1, 1995. The mission of AHEC is to “improve access to health care through education.” The mission is carried out through programs that introduce young people to health care professions degrees, coordinate and provide training in rural and under served areas for students who are pursuing health professions degrees, and support the existing health professionals via continuing education programs. When fully implemented, there will be five centers located throughout the state. The first opened in July of 1996, and is located on the campus of Snow College in Ephraim, Utah. The second center opened its doors in July of 1997, at Southern Utah University in Cedar City and the third opened in September of 1998 at the College of Eastern Utah in Price. The two remaining centers have not yet opened, one in Northern Utah and the other for the Wasatch front and surrounding counties (e.g. Davis, Tooele, Summit, etc.) Funding for the AHEC program is provided at 75 percent by federal grants and a 25 percent state appropriation. The federal grant is a six year program. At the end of the six years, the centers are expected to be self-sustaining. The expectation is that 50 percent of the operations will be funded from state appropriations and the other 50 percent from the private sector. The federal guidelines require that for every center opened, the state must contribute \$200,000 in base support in order to qualify for the three-to-one federal match. Thus far, the state has provided only \$235,000 in center support, with \$200,000 funded for the site in Ephraim and \$35,000 provided in the current fiscal year for the Cedar City site. \$165,000 is needed to complete the required ongoing support for Cedar City and \$200,000 for the site in Price. This funding is needed to eliminate the risk of losing the federal matching funds for these two sites and to avert jeopardizing future funding for the

Northern Utah and Wasatch Front centers. **If funding is available, the Analyst recommends an appropriation of \$365,000 from the General Fund for FY 2000.**

### 3.34 Student Financial Aid

A base increase is requested for need-based financial aid in order to maintain the current level and to cover the increased campus-based matching requirements for federal programs as well as the anticipated reductions in federal allocations. The following Table illustrates the funding needed:

**Table 14**  
**Financial Aid**

	FY 1998 Federal Appropriation	FY 1999 Federal Reported Compromise as of 10/1/98	FY 1999 State Match Allocation from Appropriation	FY 2000 Change to meet State Match	FY 2000 Change Needed for Replacement of Federal \$	Total State Program Maintenance Base Increase for FY 2000
Federal SEOG Program	\$614,000,000	\$614,000,000				
Allocation to USHE	2,785,050	2,785,050	\$928,348			
Federal Work Study Program	830,000,000	670,000,000				
Allocation to USHE 4.82% change	3,788,248	3,082,000	712,765	\$34,400		\$34,400
Federal Perkins Loans	135,000,000	100,000,000				
Allocation to USHE 1.06%	1,434,606	1,060,000	478,200		\$371,900	371,900
State Student Incentive	25,000,000	25,000,000				
Allocation to Utah	169,761	169,761	655,000			
Total Matching Funds			\$2,774,313	\$34,400	\$371,900	\$406,300

These calculations are based on the latest Federal Government action on the FY 99 Budget as of 10/1/98. The amounts highlighted in the column entitled "FY 99 Federal Reported Compromise as of 10/1/98" is the projected USHE allocations. The proposed amount of \$371,900 is to replace the lost Federal Funds for the Perkins Capital Contributions as an addition to the funds available for UCOPE. This amount will represent only maintenance of current campus-based funding levels, but its utilization in UCOPE will make the funds available for a less restrictive administrative structure provided in the State program. The amount of \$34,400 is for State match on the Federal Work Study program.

**It is the recommendation of the Analyst if funds are available that there be an appropriation of \$406,300 from the General Fund in FY 2000.**

### 3.35 Utah Centennial Opportunity Program for Education (UCOPE)

UCOPE was established in 1996-97 to provide state-funded, need-based financial aid for Utah resident students attending public and private universities and colleges in Utah. UCOPE is presently funded at just over one million dollars.

The Tuition and Fees Subcommittee voted to recommend that the Regents' include a \$1.5 million increase for the UCOPE appropriation in the Board's FY 2000 budget request to enhance the current level of funding. The recommended increase is based



on an expectation of a probable tuition rate increase for USHE institutions of about 3 percent for FY 2000. Student Leaders have strongly supported the recommendation for UCOPE increases to keep pace with anticipated tuition and fee increases.

In the Board's Policy R510, Tuition and Fees, the following language was suggested as a new section of R510:

*“Student Financial Aid Appropriation Request’s Related to Tuition Increases. For any Fiscal Year after 1999-2000, when the Board’s higher education appropriation recommendations contemplate tuition rate increases, the Board will consider a request for a related appropriation increase for the Utah Centennial Opportunity Program for Education (UCOPE). The amount requested will be calculated to offset, in conjunction with any anticipated increases in federal need-based grant and work-study programs, the cost of tuition and fee increases for resident students receiving need-based financial aid from both federal and state sources, in eligible institutions in the preceding fiscal year.”*

The Board of Regents have not formally made a decision to increase the tuition and fees for FY 2000, but based on this request, one can assume that an increase is inevitable.

**If funding is available, the Analyst recommends \$500,000 be appropriated from the General Fund to maintain the UCOPE program.**

### 3.36 Enrollment Funding

A major component of the USHE budget is the funding for student enrollment growth. Although enrollment in higher education systemwide is still growing, and long term projections indicate that growth will continue into the foreseeable future, a number of institutions have experienced enrollment drops over the past several years.

Annually, the Regents estimate the number of students that will be in attendance each year at the nine institutions. The enrollment figure is collected by level of instruction. The number of students are reported for vocational, lower division, upper division, basic graduate, and advanced graduate programs. It is noted that beginning with the 1996 Legislative General Session, several schools were significantly below their funded targets. They were given three years to bring budgets in line with actual enrollments. This meant that a third of the money from the difference between their funded target and actual enrollment was reduced from the budget. The FY 1999 enrollment budget reflected the last year of the agreement. For FY 1999, 85,964 FTE students systemwide are reflected in the budgets of the nine higher education institutions.

**Table 15**

FTE Student Enrollment				
	<u>FY 1998 Funded Enrollment</u>	<u>FY 1999 Funded Enrollment</u>	<u>FY 2000 Estimated Enrollment</u>	<u>FY 1999 - FY 2000 Difference</u>
<b>University of Utah</b>				
Education & General	20,777	20,731	19,638	(1,093)
School of Medicine - MDs	400	400	411	11
School of Medicine - Non-med	391	337	325	(12)
Subtotal	21,568	21,468	20,374	(1,094)
<b>Utah State University</b>				
Education & General	14,480	15,084	13,959	(1,125)
Uintah Basin Continuing Education center	546	633	536	(97)
SE Utah Continuing Education Center	148	151	138	(13)
Subtotal	15,174	15,868	14,633	(1,235)
<b>Weber State University - Education &amp; General</b>	10,693	10,893	10,340	(553)
<b>Southern Utah University</b>				
Education & General	4,590	4,966	4,994	28
St. George University Center	121	121	105	(16)
Subtotal	4,711	5,087	5,099	12
<b>Snow College</b>				
Education & General	2,400	2,567	2,412	(155)
Snow College South		404	511	107
Snow College South - Secondary Students		228	287	59
Subtotal	2,400	3,199	3,210	11
<b>Dixie College</b>	3,108	3,268	3,334	66
<b>College of Eastern Utah</b>				
Education & General	1,694	1,659	1,446	(213)
San Juan Center	351	365	354	(11)
Subtotal	2,045	2,024	1,800	(224)
<b>Utah Valley State College</b>	9,558	10,281	11,500	1,219
<b>Salt Lake Community College</b>				
Education & General	13,087	13,212	11,107	(2,105)
Skill Center	664	664	664	-
Subtotal	13,751	13,876	11,771	(2,105)
<b>Total Enrollment</b>	<b>83,008</b>	<b>85,964</b>	<b>82,061</b>	<b>(3,903)</b>

Beginning fall term, academic year 1998-99, USHE converted to a semester calendar. Historic evidence indicates that a drop in student enrollment would occur in the year of the conversion. In anticipation of this, the Legislature passed the following intent Language to avoid any misunderstanding on how reductions in student enrollments would be funded during the year of the conversion.

*“It is the intent of the Legislature that Fiscal Year 2000 enrollment funding of USHE institutions will be no less than the total amount appropriated for enrollment in Fiscal year 1999.”*

Student enrollments dropped 5,393 FTE below FY 1999 funded targets. Had this intent language not been in place, USHE institutions would have lost approximately \$14.4 million in State funding. The following table shows where student enrollments fell below funded targets.

**Table 16**  
**Student Enrollments Below Funded Target**

<b>Enrollment Decreases</b>	<b>FTE</b>
University of Utah - E&G	(1,093)
University of Utah - School of Medicine (Non-MD)	(12)
Utah State University - E&G	(1,125)
USU - Uintah Basin Continuing Ed Center	(97)
USU - South Eastern Utah Continuing Ed Center	(13)
Weber State University - E&G	(553)
Southern Utah University - University Center	(16)
Snow College - E&G	(155)
College of Eastern Utah - E&G	(213)
College of Eastern Utah - San Juan Center	(11)
Salt Lake Community College - E&G	(2,105)
<b>Total</b>	<b>(5,393)</b>

Student enrollment growth is included in the following table:

**Table 17**  
**FTE Student Enrollment Increases**

<b>Enrollment Increases</b>	<b>FTE</b>
Southern Utah University E&G	28
Snow College - South	107
Snow College - South (Secondary Students)	59
Dixie College - E&G	66
Utah Valley State College - E&G	1,219
<b>Total</b>	<b>1,479</b>

Determining the cost of funding this growth has been an issue over the past several years. Costs are calculated for the different levels of instruction at each institution. Based on the current mix of students, a percent apportionment is determined to represent a projection of the composition of new enrollment. The percent of new students in each level of instruction is multiplied by a **standard cost** to determine a **weighted average cost factor**. This average cost factor is multiplied by the number of new students to determine the total amount of new funds for the projected enrollment.

In calculating the weighted average cost factor, the Board of Regents only considered the upward growth values. Their method overinflated the cost of instruction because it did not recognize changes in the mix of students. The cost of instruction increases significantly when you go from lower division instruction to advanced graduate. The Analyst included changes in student mix to calculate a “weighted average cost factor.” For FY 1999, the Legislative Fiscal Analyst recommended a budget cut of \$1,870,900 due to changes in student mix by level of instruction. When these funds were restored in the budget hearings, the Legislature inserted the following intent language in the Appropriations Act:

*“It is the intent of the Legislature that the State Board of Regents, the Governor’s Office of Planning and Budget, and the Legislative Fiscal Analyst adopt a common method for determining enrollment funding.”*

The mechanism for funding the Utah System of Higher Education was studied through the last interim. Six guiding principles were developed by the task force on funding. The recommendations of the task force include:

- Formula should consider current as well as new students.
- Formula should be linear.
- Funding should go down with student declines at the same rate it goes up with growth.
- Formula should be disaggregated to account for varying cost factors of enrollment (account for changing mix of students by level of instruction).
- Direct cost of instruction formula should more closely reflect actual costs and good management.
- Indirect cost funding formula should more closely reflect actual costs and good management.

Based on the guiding principles adopted by the Funding Mechanism Task Force, and if additional funds are available for FY 2000, **it is recommended by the Analyst that \$4,746,000 be appropriated for 1,479 new FTE students.** The plan of financing includes \$2,886,700 from the General Fund, \$175,600 from the Uniform School Fund (Snow College South Secondary Students) and \$1,683,700 from tuition revenue.

**Table 18**  
**Enrollment Funding**

	<b>Student</b>		<b>Indirect</b>			
	<b>Enrollment</b>	<b>Cost of</b>	<b>Cost of</b>	<b>Total</b>	<b>State</b>	<b>Tuition</b>
	<b>Growth</b>	<b>Instruction</b>	<b>Instruction</b>	<b>Amount</b>	<b>Funds</b>	<b>Revenue</b>
SUU - E&G	28	\$112,500	\$14,900	\$127,400	\$324,800	(\$197,400)
Snow South	107	378,200		431,900	327,600	104,300
			53,700			
Snow South Secondary	59	146,000		175,600	175,600	
			29,600			
Dixie College	66	105,900		129,900	110,000	19,900
			24,000			
Utah Valley State College	1,219	3,489,900		3,881,200	2,124,300	1,756,900
			391,300			
<b>Total</b>	<b>1,479</b>	<b>\$4,232,500</b>	<b>\$513,500</b>	<b>\$4,746,000</b>	<b>\$3,062,300</b>	<b>\$1,683,700</b>

### 3.37 Indirect Cost of Instruction

The indirect cost factor covers institutional support, academic support and student services. According to the National Association of College and University Business Officers (NACUBO), expenditures for the three functional classifications include:

#### **Institutional Support**

- Central executive-level management
- Fiscal operations
- Administrative data-processing
- Space management
- Human resource management
- Procurement, security, printing and transportation services
- Support services to faculty and staff

#### **Academic Support**

- Libraries, museums and galleries
- Media and audiovisual services
- Academic administration

#### **Student Services**

- Admissions and registrar
- Academic advising, counseling and career guidance
- Student financial aid administration
- Student activities and organizations

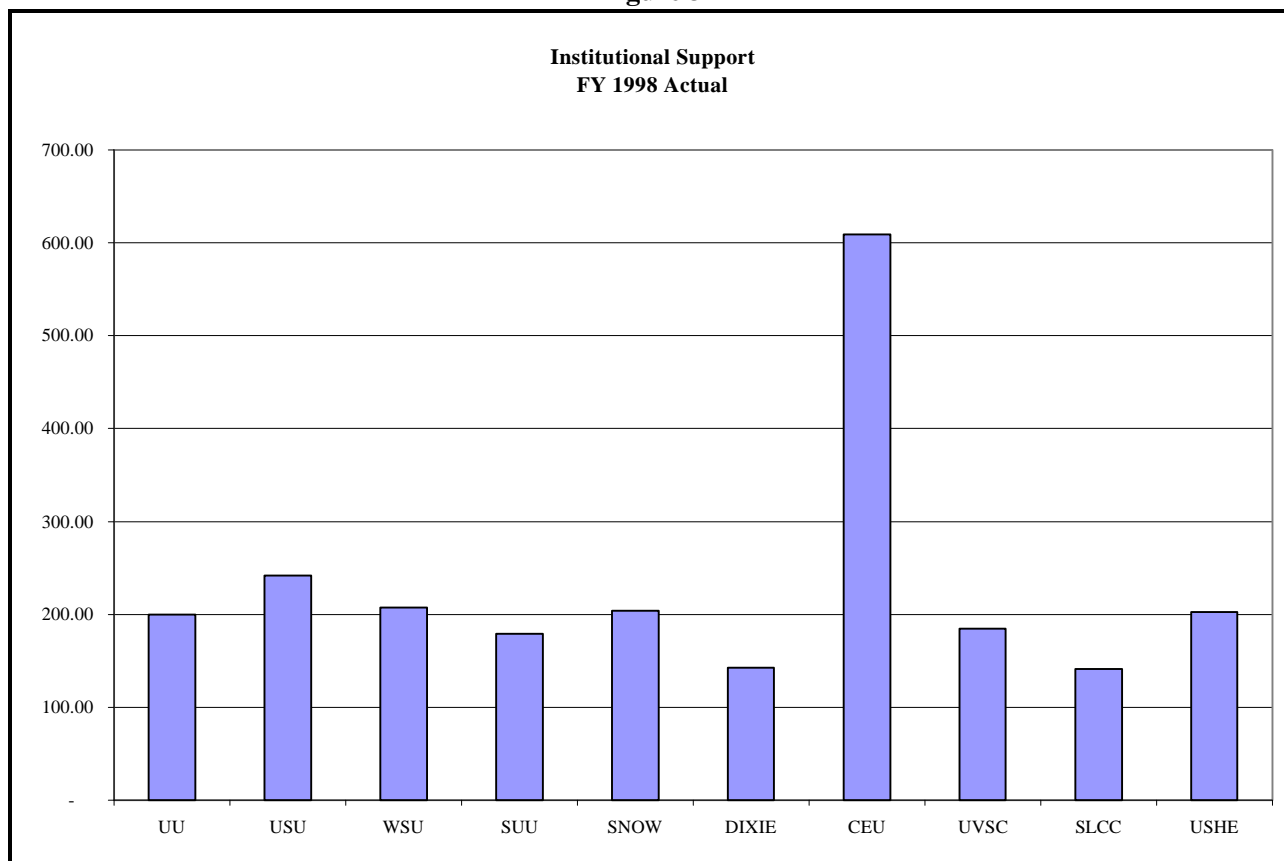
In determining the amount for indirect cost, it was agreed that the \$300 per FTE student needed to be increased. The systemwide average amounted to \$600 per FTE student if plant O&M cost are excluded since they are typically funded independently.

The Fiscal Analyst applied the indirect cost value that more closely reflects actual costs at each institutions. At \$600 per FTE Student, the University of Utah and Utah State University would be under funded by nearly \$180 per student. Whereas the other institution, excluding the College of Eastern Utah would be over funded from

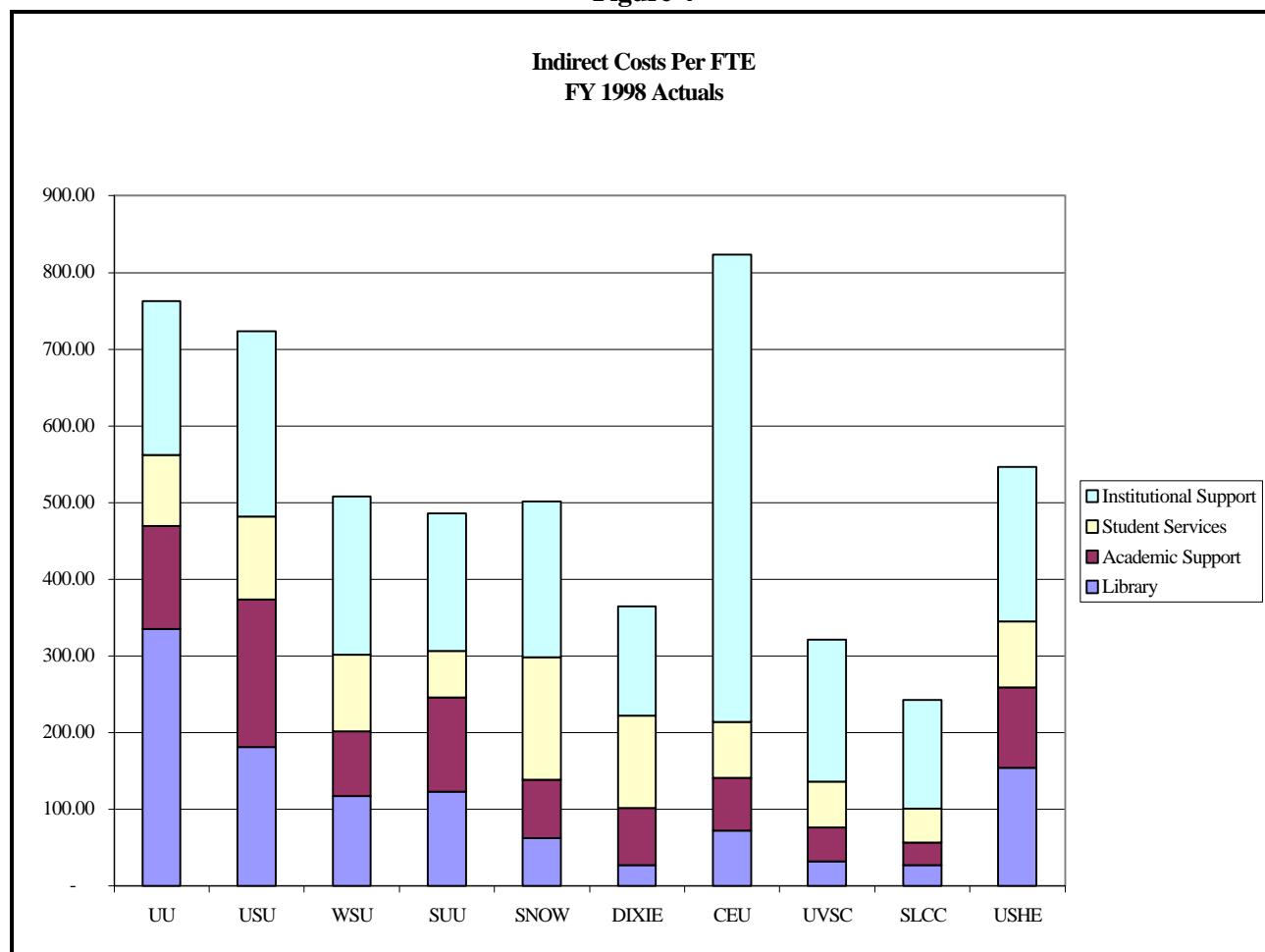
\$100 to \$350 per student. **It is the Analyst's recommendation that the factor that closely resembles actual costs be used to determine the indirect cost for new student enrollment.**

In analyzing the FY 1998 actual indirect cost of instruction, the Analyst is concerned with the cost per student at the College of Eastern Utah. Their expenditures for executives, fiscal operations and administrative data-processing exceed those of all

**Figure 3**



other institutions by 300 percent. See the following charts. It is the recommendation of the Legislative Fiscal Analyst that CEU officials be prepared to address this issue with the Legislature during their institutional presentation.

**Figure 4**

### 3.38 Accountability Management Information System

The Regent's, as well as several institutions, have expressed the need for accurate and meaningful data for the decision-makers (i.e. performance indicators, data accuracy, timeliness, and volume). In order to meet the request, additional resources are needed for computer development, and the purchase of computer hardware and software. The request from the Regent's was for \$800,000, 67 percent of which was for each of the institutions, including the Board of Regents to hire additional full-time staff.

**If funding is available, the Analyst recommends an appropriation of \$400,000 from the General Fund in FY 2000 to provide for computer**

development, the purchase of computer software and hardware for the Management Information System, and the hiring of one additional staff member at the Board of Regents. It is recommended by the Analyst, that the nine institutions utilize their Institutional Research personnel rather than hiring additional staff members to address this issue.

### 3.39 Library Initiatives Library Journal Inflation

The Utah Academic Libraries Consortium continues to provide leadership in identifying and prioritizing library needs of the USHE. The most critical need in the libraries continues to be inflation of journals and periodicals. Other needs include; 1) expanding print and electronic collections, 2) enhancing library support for distance learning, and 3) digitization of existing collections.

**If funding is available, the Analyst recommends \$758,000 be appropriated from the General Fund to address the needs of the USHE libraries.**

**Library Acquisitions** - The Utah Academic Library Consortium (UALC) provides a synergistic effect for the nine institutions in the USHE, allowing for purchases and subscriptions that individual members could not buy on their own. The level of cooperation between the nine institutions through the UALC is commendable. Students, faculty, and the public receive excellent library services as a result of this cooperation.

While UALC is addressing system-wide needs extremely well, each institution will continue to have specific needs that need not be shared across the system. Many of these costs come in the form of computer equipment, specific subscriptions or orders for degree-related material. In FY 1999, four institutions received one-time funding for library acquisitions.

**If funding is available, the Analyst recommends a replacement of the FY 1999 one-time appropriation to ongoing funding from the General Fund of \$500,000 for FY 2000 to address institutional library needs. The Analyst further recommends that the Appropriations Subcommittee on Higher Education allocate the funds based on the following distribution:**

**Table 19  
Library Acquisitions**

University of Utah	\$189,800
Utah State University	215,100
Weber State University	55,800
Utah Valley State College	<u>39,300</u>
Total	<u>\$500,000</u>



### 3.40 ATE Equipment

Institutions need ongoing funds to purchase equipment that meet industry standards to provide quality Applied Technology Education Programs which meet the demands of business and industry. The following is the allocation of the ATE equipment:

**Table 20**  
**ATE Equipment**

Utah State University	\$18,200
Weber State University	130,300
Southern Utah University	38,500
Snow College	48,500
Dixie College	37,200
College of Eastern Utah	34,600
Utah Valley State College	157,100
Salt Lake Community College	<u>285,600</u>
Total	<u>\$750,000</u>

**If funding is available, it is recommended by the Analyst that an appropriation for \$750,000 from the General Fund be distributed to the institutions as outlined in the Table 20.**

### 3.41 Applied Technology Center Service Regions (ATCSR)

The ATCSR's mission as stated in the Administrative Rules, Section R277-904.3 A. " *is to provided personalized, open-entry/open-exit, competency-based, non-credit applied technology center instruction and support services to high school and adult applied technology center students, displaced workers, and unemployed individuals for employment skills intensive occupations.*" The four ATCSRs in the state need support to facilitate expansion of existing programs and development of new programs to serve the workforce training needs of adult students. The growth in adult participation at the ATCSRs increased by 53 percent in FY 1998. **If funding is available, the Analyst is recommending an appropriation of \$350,000 from the General Fund for FY 2000.**

### 3.42 Educational Technology Initiative

In the 1998 General Session, House Bill 184, Technology Teacher Education, was enacted but not funded. In Section 53A-1-702, Appropriations Allocations Contributions from school districts, the business community, and technology vendors states:

- (1) (a) *"The Legislature shall provide annual appropriations to help fund the technology programs authorized in this part...*
- (2) (b) *the State Board of Regents shall receive the amount appropriated to the state colleges of education as a line item in the general appropriations act and distribute it based on each college's student teacher training enrollment FTE's as compared to the total student teacher training enrollment*

- FTE's for all state colleges of education...*
- (5) (c) *School districts and colleges shall match state appropriations for the technology programs on a one to three basis, this is one dollar in local resources for every three dollars either through local funding efforts or through in-kind services, which may include providing an infrastructure, planning services, training services, maintenance, or the use of technical assistance specialists.*
  - (6) (a) *School districts, individual public schools, and public institutions of higher education shall solicit contributions from and enter into partnerships with private business to obtain additional resources for the technology programs authorized under this section...*
  - (6) (c) *The additional resources obtained under this section shall remain with the respective district, school, or institution as part of its technology program."*

Four teacher education programs in Utah benefitted significantly from Public Education's Educational Technology Initiative (ETI) during the late 1980's and early 1990's. A renewed effort is needed in this area to ensure that public school teachers can both utilize and train students in the use of technology equipment. The chairs of the Legislature's Education Interim Committee have urged the Regent's to include this item in the USHE budget request. **If funding is available, it is the Analyst's recommendation that \$500,000 be appropriated from the General Fund to enhance the training of teachers in technology in FY 2000. A match of \$166,700 is required either from local resources or in-kind services.**

### 3.43 Non-compensation Funding for Instructional (E&G) Budgets

Higher education, like all of State Government, has not had any funding in their budget to address changing economic conditions during the past decade. This has created a situation where they have met their budget demands through the reallocation of resources to cover inflationary operating cost. The long term effect in higher education has been an impact on the available funds for maintaining campus facilities, covering increasing operating expenses, purchasing supplies and acquiring instructional equipment.

USHE is proposing that this budgetary need be financed through a funding mechanism that is based on a State appropriation of \$30 for each FTE student enrolled at each institution. Systemwide this would amount to approximately \$2.5 million. **Included in the Regents' proposal is that this money would be appropriated to the Commissioner's Office and distributed to the nine institutions at the discretion of the Board of Regents. The intent is for the Regents to manage the allocation of these funds (in lieu of a direct Legislative appropriation to each institution) with the objective of improving the quality of the student's educational experience at each USHE campus.** No accountability or performance objectives have been attached to the request.

**The issue before the Legislature is whether it wants to continue the practice**

**of withholding funds for inflationary increases in campus operating budgets. The Analyst recommends that the Legislature appraise its position on restricting funds for escalating institutional operating cost increases in higher education, public education and agencies of State government.**

### **3.5 One-Time Funding**

#### **3.51 Funding for Year 2000 (Y2K)**

The year 2000 bug is linked to efficiency measures employed by early computer programmers. In an attempt to save valuable memory capacity, programmers used two rather than four digits to identify years – “98” instead of “1998”. When systems still using such programs enter the millennium, two-digit date fields will show “00”, making it impossible for the computer to differentiate between 1900 and 2000. Consequently, date dependent systems may malfunction or fail completely.

As of November, 1998, higher education had nearly completed updates to financial records, purchasing, payroll, personnel, admissions, student records, financial aid, billings and receivables systems at eight of the nine institutions. The ninth, the University of Utah, was undertaking complete replacement of its legacy systems. A third party review of higher education Y2K problems conducted by the Office of the Chief Information Officer found networks, telecommunications systems, mechanical devices, research equipment, and desktop PCs had yet to be adequately addressed and stated that “state campuses and universities must consider a process of triage to assure that all mission-critical Y2K issues are resolved in the next 13 months.”

The Analyst notes that the Y2K issue will be addressed by the Legislative Subcommittee on Capital Facilities and Administrative Services. It is further noted that the Executive Appropriation Committee set aside \$10.0 million to address the mission critical needs for State agencies, public education and higher education. For higher education, the Y2K funds will cover administrative systems, networks and servers, telecommunications switches, and embedded chips in mechanical devices and research equipment. Replacement of personal computers (PCs) estimated at approximately \$7.0 million will not be covered by these resources.

#### **3.52 Collegiate Assessment of Academic Proficiency (CAAP) Pilot Program**

Performance based funding for the Utah System of Higher Education, as a policy issue, has received considerable attention from the Legislature, Governor, and the State Board of Regents. Responding to the request from the Executive Appropriations Committee of the Legislature, the Regents established a task force which has identified key performance indicators that they believe will improve the quality of education in Utah. Presently 37 states report that performance measures are used in their state’s higher education systems primarily for accountability purposes. The task force has identified three performance indicators: 1) Retention, transfer, and graduation, 2) Faculty workload, and 3) Instructional quality and student learning. The Collegiate Assessment of Academic Proficiency (CAAP) is a new pilot program the Regents are proposing to measure instructional quality and student learning.

The CAAP test is administered at the end of the sophomore level of college to assess the effectiveness of the institutions general education programs, as well as assess academic achievement of a student for upper level course work. The CAAP test will be administered at the nine institutions to a select control group. Comparing the subsequent test scores against their pre-admission ACT or SAT test scores would enable a quantifiable assessment of the comparative value added by each institution's general education programs. It is proposed that the following institutions be disbursed the monies to carry out this pilot program as follows in Table 21:

**Table 21**  
**CAAP Pilot Program**

University of Utah	\$11,000
Utah State University	15,000
Weber State University	7,000
Southern Utah University	7,000
Snow College	5,000
Dixie College	5,000
College of Eastern Utah	2,000
Utah Valley State College	42,000
Salt Lake Community College	6,000
Total	<u>\$100,000</u>

**It is recommended by the Analyst, if funding is available, that one-time funding from the General Fund of \$100,000 be appropriated for the CAAP pilot program.**

### **3.6 Utah Educational Network**

The Utah Education Network (UEN) is a partnership of public, higher and vocational education. Under the UEN umbrella organization, the systems of KUED, KULC, EDNET AND UtahLINK operate. These systems are the electronic highway for education. The UEN coordinates both the public and higher education technology initiatives. The Utah Education Network connects schools with the tools to communicate and offer a richer learning experience.

Technology delivered education is rapidly becoming one of the fastest growing budget items in the education community because it opens up new avenues of access for students who have limited opportunities to meet their educational needs. It often opens up opportunities for working adults who are also busy parents juggling work, community and parenting responsibilities.

**KUED Channel 7** is the statewide Public Broadcast System (PBS) station offering Instructional Television programming to public schools from 9 a.m. to 3 p.m. KUED reaches 99 percent of the homes and schools in Utah.

**KULC Channel 9** is Utah's Learning Channel delivering for-credit instruction via telecourses for high school and college age students. KULC also broadcasts ITV programming, as well as adult, vocational and remedial courses. KULC reaches 85 percent of the schools and homes in Utah.

**EDNET** is an interactive (Two-way) closed circuit television network linking 200 rooms in public schools, colleges, applied technology centers and universities. EDNET provides access to direct interactive instruction, administrative meetings, and professional development (in-service). Included in the services EDNET provides is the UEN Satellite System (UENSS) which reaches an additional 104 downlink sites.

**UTAHLINK** is the part of the statewide-area data network linking over 97 percent of public education sites, many public libraries, all public higher education institutions, and State government to the Internet. Services include training and technical support, access to administrative and student information services, on-line classes and library resources, the State Core Curriculum, sample lesson plans, career guidance, and many other educational information services.

**Table 22**  
**Utah Education Network**

<b>FY 2000 Budget Recommendation</b>				
	<b>FY 1998 Base</b>	<b>FY 1999 Budget</b>	<b>Adjust.</b>	<b>FY 2000 Budget</b>
<b>UEN Programs</b>				
Technology Initiative	\$615,000	\$615,000		\$615,000
CEU-Star Schools	235,000	242,500		242,500
UEN Satellite System	1,500,000	1,507,500		1,507,500
UEN - EDNET	3,795,000	4,132,800	\$1,875,700	6,008,500
UEN - DataLINK	4,955,000	5,085,300	200	5,085,500
<b>Total UEN</b>	<b>\$11,100,000</b>	<b>\$11,583,100</b>	<b>\$1,875,900</b>	<b>\$13,459,000</b>
<b>Plan of Financing</b>				
General Fund	\$2,350,000	\$2,365,000		\$2,365,000
Uniform School Fund	8,750,000	9,218,100	\$300	9,218,400
Dedicated Credits			1,875,600	1,875,600
<b>Total UEN</b>	<b>\$11,100,000</b>	<b>\$11,583,100</b>	<b>\$1,875,900</b>	<b>\$13,459,000</b>

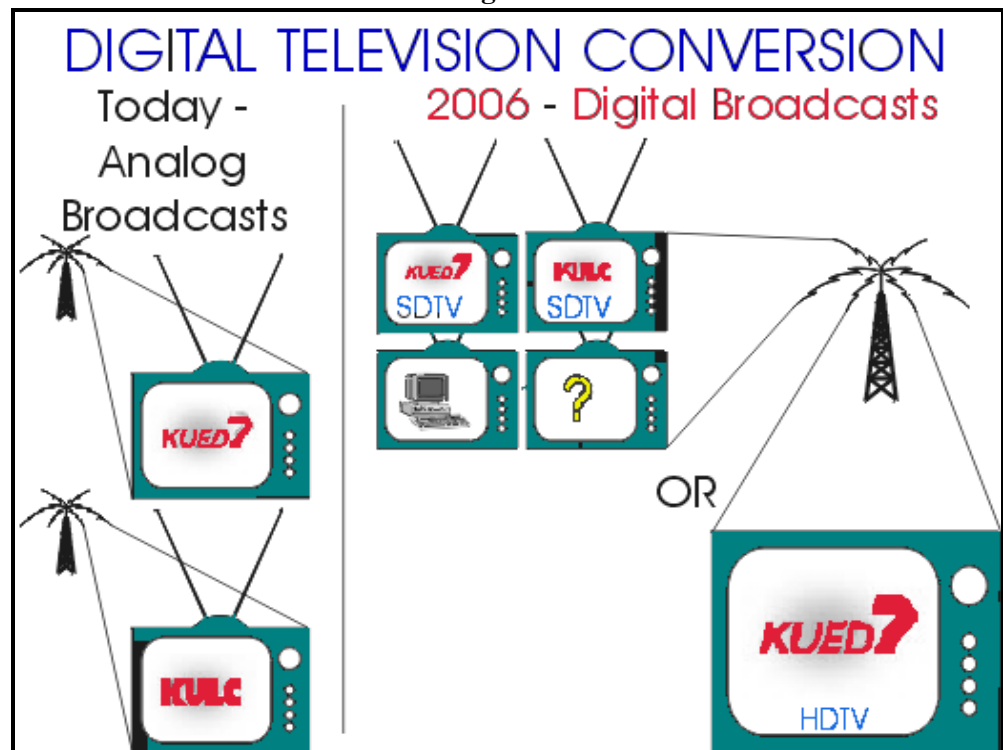
### 3.61 Digital TV Conversion

Under the Federal Telecommunications Act of 1996, television broadcasters, including public television stations, are required to transition from analog to digital signal transmission (D-TV) by 2006. To that end, Utah's public

television stations, KUED-7 and KULC-9, have joined forces with commercial broadcasters in the state to form DTV of Utah, a consortium that will construct a common digital transmission site on Farnsworth Peak.

As digital transmission allows more information to be carried on the same amount of bandwidth, DTV will enable the Utah Education Network to “multicast” or broadcast the equivalent of four standard definition programs on a single frequency. Any one or all four of those programs could be replaced by a “datacast” carrying text, sound, graphics, or personal computer content. Alternatively, UEN could show one ultra-high definition program per frequency. The provider could also transmit some combination of multiple programs, data, and increased definition.

**Figure 5**



A Washington, D.C. based consulting group, Forrester Research predicts that 80 percent of the digital television market will consist of standard definition programming by 2008, with high-definition TV reserved for premium events such as sports and movies. Under this scenario, UEN could broadcast both sets of current programming with a single frequency at standard definition, potentially saving as much as half the cost of new transmission facilities and equipment.

The total cost of the transition for both stations, including production equipment and programming, will be more than \$15 million. UEN has proposed to finance \$9 million of the total with private contributions, federal funds, and base budgets. They are seeking the remaining \$6 million in State funding over three years. The State's

contribution would finance a new transmitter building, tower, and transmission equipment. Since making its request, UEN has received federal funding commitments under the E-Rate grant program. These funds, expected to reach \$1.9 million before the end of FY 2000, free-up base resources to supplant the requested first year of State funding.

The Analyst recommends the UEN conversion to Digital-TV be funded in FY 2000. The plan of financing would be handled by two committees. Capital Facilities and Administrative Services Committee would include \$4,215,000 from general obligation bonds to cover the second and third phases of the transition of both KUED channel seven and KULC channel nine from analog to digital broadcasting. **The Analyst recommends that the Higher Education Appropriation Subcommittee appropriate \$1,875,600 in dedicated credits (E-Rate Revenue) to cover their portion of the cost for the construction of new broadcast facilities, erecting a broadcast tower and attaching antenna to this tower.**

The Analyst recommends the following intent language:

*It is the intent of the Legislature that funds provided for digital television transition are non-lapsing and that any future dedicated credits related to UEN E-Rate funding commitments shall be applied to the bond principal.*

**Table 23**  
**Digital TV Funding**

	<b>FY 2000 <u>Analyst</u></b>	<b>FY 2000 <u>Option 2</u></b>
<b>Financing:</b>		
General Obligation Bond	\$4,215,000	\$1,169,700
Dedicated Credits	<u>1,875,600</u>	<u>1,875,600</u>
<b>Total</b>	<u>\$6,090,600</u>	<u>\$3,045,300</u>
<b>Programs</b>		
Digital TV Conversion	<u>\$6,090,600</u>	<u>\$3,045,300</u>
<b>Total</b>	<u>\$6,090,600</u>	<u>\$3,045,300</u>

As an alternative to the recommended option, the Legislature may choose Option 2 in Table 23 to support transition of only one broadcast frequency, thereby requiring \$1.2 million in bonding. Digital broadcasting allows more content to be carried on a single signal, thus both KUED and KULC programming could continue in standard definition simultaneously using only one television channel.

Should the Legislature choose not to bond, it may choose to provide funding from the Uniform School Fund and dedicated credits over three years for Digital TV conversion, as requested by the Utah Education Network. See Table 24.

**Table 24**  
**Digital TV Option Three**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>
Digital TV Conversion	\$1,875,600	\$2,720,000	\$1,495,000
<b>Plan of Financing:</b>			
Uniform School Fund (one-time)	\$0	\$2,720,000	\$1,495,000
Dedicated Credits	1,875,600		
Total	<u>\$1,875,600</u>	<u>\$2,720,000</u>	<u>\$1,495,000</u>

### 3.62 Utah Education Network

Utah Educational Network continues to experience exponential growth in providing technological support for the education process in the state. **If additional revenue becomes available, it is recommended that \$360,000 be appropriated from the Uniform School Fund to convert one-time funding to ongoing base support of EDNET and to cover maintenance and operating costs.** The allocation of these is as follows:

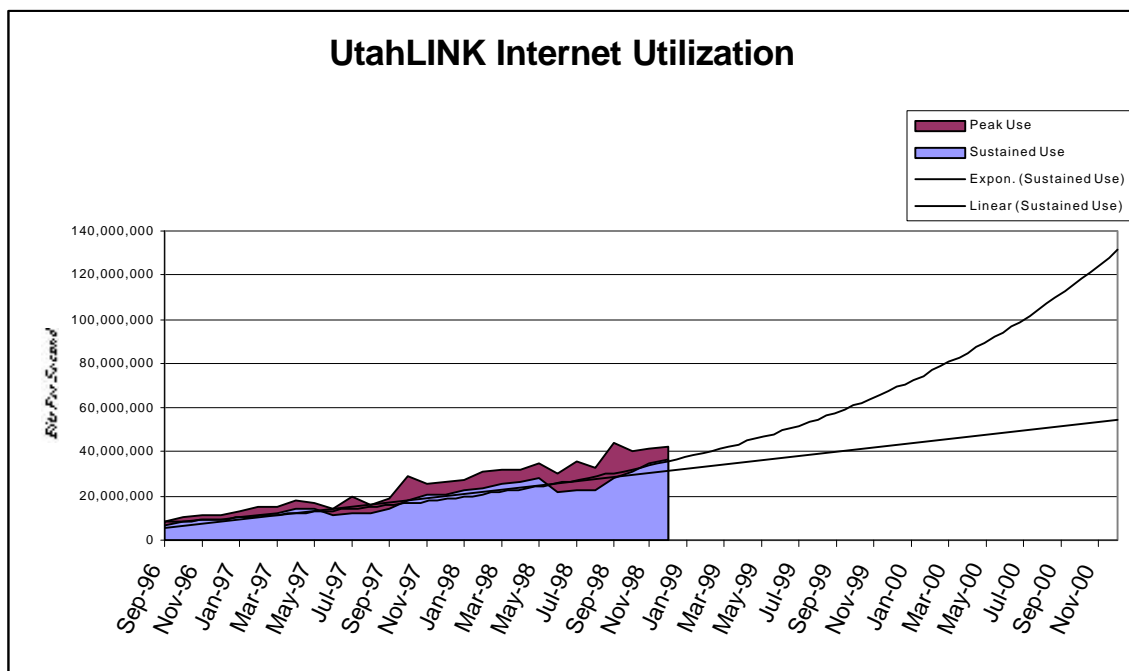
- Programming Content Development \$150,000
- Public Communication & Information 5,000
- Administration 5,000
- Training 10,000
- Building Lease 110,000
- Building Engineering 80,000

### 3.63 UtahLINK

Since most educational institution have been connected to UtahLINK, the requirements for additional bandwidth have doubled annually. This has caused UtahLINK to respond to this demand by ordering communication lines with greater capacity, installing routers with greater capacity and re-designing key parts of the network to keep up with bandwidth demand. Internet traffic on the State UEN network is illustrated in the following graph.



Figure 6



Recommended funding is to cover Internet access costs, in-state circuit charges, equipment replacement and upgrades, and course content and development. **If additional revenue becomes available, it is recommended that \$1,287,400 be appropriated from the Uniform School Fund to meet the expanding needs of UtahLINK in FY 2000.** The allocation of these is as follows:

- Circuit Charges \$400,500
- Equipment Maintenance & Upgrades 414,400
- Filtering Hardware & Software 108,000
- Eccles Broadcast Center Building Lease 155,000
- Software licensing & maintenance,
- \* toll-free phone line cost 209,500

### 3.70 Legislative Intent Follow Up

#### Fuel and Power

*It is the intent of the Legislature that the State Board of Regents closely supervise fuel and power budgets. If surplus fuel and power funds appear likely in FY 1999, the Regents may authorize expenditures in excess of 10 percent of the projected surplus for*

*energy efficiency projects, then other critical institutional needs. These authorizations should be reported to the Legislature in the annual budget requests. No supplemental appropriation for fuel and power will be considered except for emergency measures or for unanticipated rate increases.*

**Response:** The Board of Regents uses the intent language for Fuel and Power as the criteria for approving all fuel and power budget requests. **It is the Analyst's recommendation that the intent language on Fuel and Power be included in Fiscal Year 2000.**

#### **Utah Academic Library Council**

*It is the intent of the Legislature that the Utah State Board of Regents in consultation with the Utah Academic Library Council coordinate system library funding for the University of Utah, Utah State University, Weber State University, Southern Utah University, Snow College, Dixie College, College of Eastern Utah, Utah Valley State College, and Salt Lake Community College.*

**Response:** The Regent's and the UALC have developed a cooperative relationship in coordinating library funding and initiatives. The two organizations meet at least twice a year to discuss the needs of the Higher Education's libraries throughout the state. **The Analyst recommends that the intent language on Utah Academic Library Council be included in FY 2000.**

#### **Utah Electronic Community College**

*It is the intent of the Legislature that the programmatic funding for the Utah Electronic Community College be designated for program development by UECC member schools. Where appropriate, the Legislature intends for the State Board of Regents to administer a "Request for Proposal" process in the distribution of funds. It is the intent of the Legislature that the State Board of Regents establish accountability measures and a master plan for the operation of the UECC in consultation with UECC member schools and the Legislative Fiscal Analyst.*

**Response:** In spite of the limited funding, the UECC was able to move forward with five institutions participating in the first year. By the fall of 1998, there were 237 courses being offered by the UECC. The Regents master planning is being accomplished as part of the overall USHE master plan.

**It is the recommendation of the Analyst that the intent language be included in FY 2000 on the Utah Electronic Community College.**

#### **Operation and Maintenance**

*It is the intent of the Legislature that all state agencies and institutions use facility operation and maintenance (O&M) funding only for O&M purposes. Where appropriate, the State Building Board should develop a common definition of O&M relative to this legislative intent.*

**Response:** The Board of Regents implemented guidelines for requesting O&M funding for state appropriated and non-state appropriated facilities.

**The Analyst recommends that the intent language on Operation and Maintenance be modified for FY 2000.** It is recommended that the legislature continue with this portion of the FY 1999 language: **“It is the intent of the Legislature that all state agencies and institutions use facility operation and maintenance (O&M) funding only for O&M purposes.”**

#### **Semester Enrollment Funding**

*It is the intent of the Legislature that Fiscal Year 2000 enrollment funding of USHE institutions will be no less than the total amount appropriated for enrollment in Fiscal Year 1999.*

**Response:** Beginning fall term, academic year 1998-99, USHE converted to a semester calender. Historic evidence indicates that a drop in student enrollment would occur in the year of conversion. In anticipation of this, the Legislature passed the above intent language to hold each institution blameless in the year of conversion for a reduction in enrollments. Student enrollments dropped in FY 1999 below the funded targets which would have caused the USHE to loose State Funding if this intent language had not been in place. **It is the Analyst’s recommendation that the intent language on Semester Enrollment Funding be excluded from FY 2000.**

#### **Distance Education Delivery Systems**

*It is the intent of the Legislature that scheduling and programming of technology delivered courses be coordinated through the Utah Education Network. It is the intent of the Legislature that each institution within the USHE have access to distance education technology.*

**Response:** UEN is currently working on a centralized catalogue for all electronically delivered courses in the USHE. **It is the recommendation by the Analyst that the intent language on Distance Education Delivery Systems be included in FY 2000.**

#### **Salary Equity**

*It is the intent of the Legislature that any salary increases be distributed to faculty, professional and classified employees in an equitable manner.*

**Response:** The Regent’s have included in the 1998-99 Budget, Implementation guidelines intended to ensure the equitable distribution of salaries. **The Analyst recommends that the intent language be included in FY 2000 for Salary Equity.**

#### **Graduate Tuition**

*It is the intent of the Legislature that the State Board of Regents, in cooperation with the Legislative Fiscal Analyst, prepare a*

*report on graduate tuition to present to the Legislature during the 1998 interim session.*

**Response:** The Board of Regents implemented a Master Task Force on Funding Mechanisms to study the graduate tuition. The recommendations of the Task Force include allowing each of the four institutions with graduate programs the flexibility to recommend varied tuition rate increases for their graduate programs and allowing the institutions to retain and allocate such tuition increases. A final report has not been issued on the Task Force's recommendation. **It is the recommendation of the Analyst that the intent language on Graduate Tuition be included in FY 2000 and that the Legislature set a deadline for the delivery of this report to the Executive Appropriation Committee.**

#### **Mineral Lease**

*It is the intent of the Legislature that Mineral Lease replacement funds appropriated to higher education be distributed before the Executive Appropriations Committee establishes guidelines for new funds.*

**Response:** By 2001, 100 percent of the Mineral Lease Funds in higher education budgets will be replaced except for money in the USU Water Research Lab. **The Analyst recommends that the intent language be included in FY 2000 for Mineral Lease.**

#### **Enrollment Funding**

*It is the intent of the Legislature that the State Board of Regents, the Governor's Office of Planning and Budget, and the Legislative Fiscal Analyst adopt a common method for determining enrollment funding.*

**Response:** The Board of Regent's implemented a Master Task Force on Funding Mechanisms to study the funding of enrollment at the institutions of Higher Education. The recommendations of the Task Force include:

- ▶ Formula should consider current as well as new students
- ▶ Formula should be linear
- ▶ Formula should go down with student declines at the same rate it goes up with growth
- ▶ Formula should be disaggregated to account for varying cost factors of enrollment (account for changing mix of students by level of instruction)
- ▶ Direct cost of instruction formula should more closely reflect actual costs and good management
- ▶ Indirect cost funding formula should more closely reflect actual costs and good management

The Task Force made a final report on their recommendations to the Executive Appropriation Committee.

#### **Environmental Education Literacy Program**

*It is the intent of the Legislature that \$25,000 from the allocation to Southern Utah University from the Mineral Lease Account for research be directed to the Division of Continuing Education Office of Distance Learning at Southern Utah University to develop an environmental education literacy program.*

**Response:** In FY 1999, the Division of Continuing Education Office of Distance Learning at Southern Utah University developed an environmental education literacy program. A Steering Committee was formed. Individuals from the environmental and mineral industries, legislators, and school teachers established a pilot program in 4 different school districts in Southern Utah. The teachers developed an environmental education module that can be used for environmental education throughout the state. In the 1999 Legislative General Session, a house bill has been filed that appropriates \$99,000 from the General Fund to replace the one-time funding to continue the environmental literacy curriculum. **It is the recommendation of the Analyst that this intent language on the Environmental Education Literacy Program be excluded in FY 2000.**